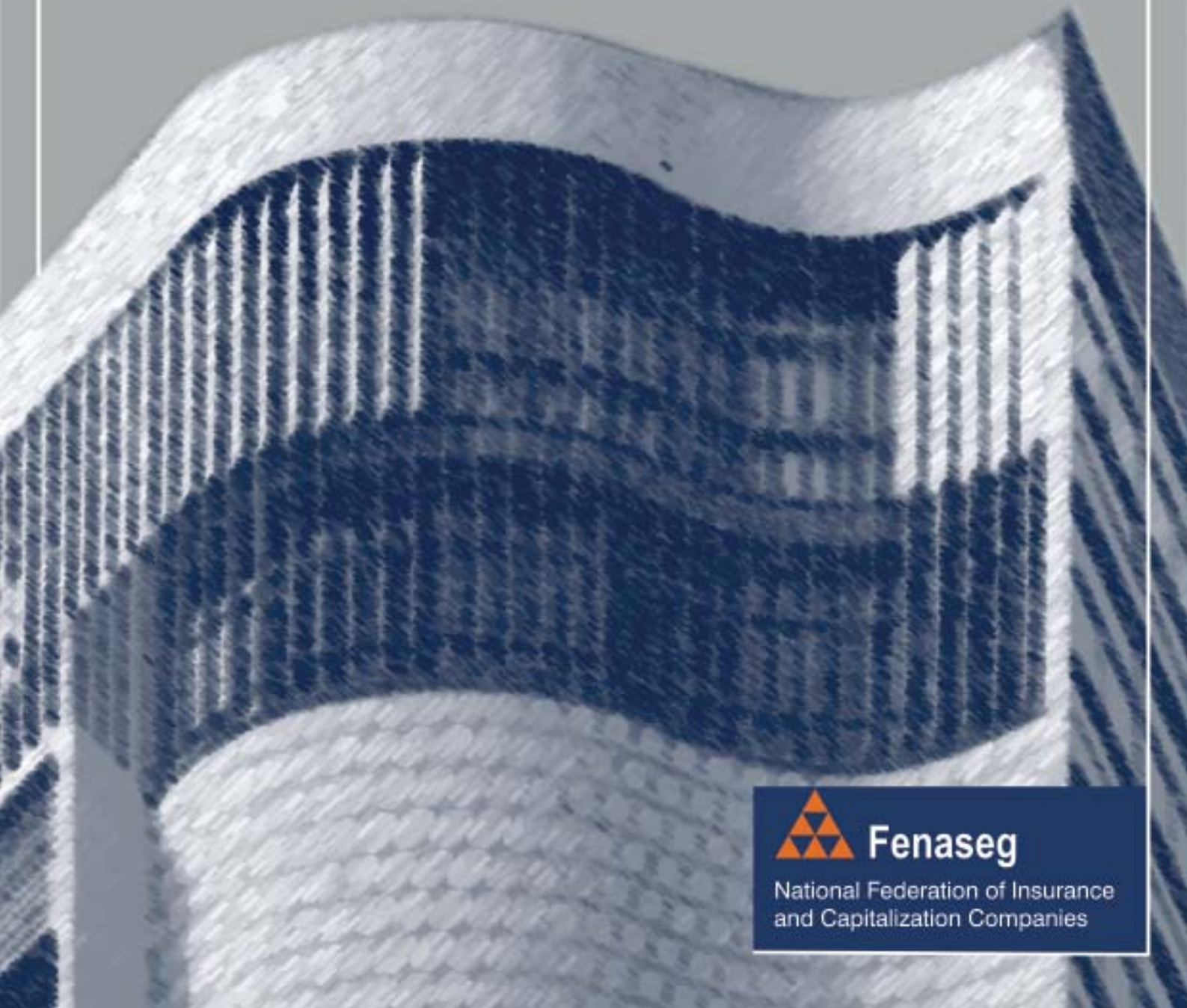


Report FENASEG

2004



Fenaseg

National Federation of Insurance
and Capitalization Companies

*“If it were possible, I would write the word **insurance** on the lintel of every door and on the forehead of every man, as I am convinced that insurance can, through a modest investment, free families from irreparable catastrophes.”*



Winston Churchill

Winston Churchill

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The Insurance Industry in 2003

In 2003, the Brazilian insurance industry, which includes the insurance, capitalization and complementary open-end pension fund segments, recorded a growth of 20.34% in its aggregated volume of income, reaching an amount of R\$ 51,161 billion, compared to R\$ 42,512 billion of the previous year. With this value, the global participation of the insurance industry in the Brazilian GNP rose from the 3.22%, recorded in 2002, to 3.38% in 2003.

The most expressive growth of income was recorded in the insurance segment, where insurance policy premiums totaled R\$ 37,326 billion, 23.81% greater than the amount recorded in 2002 - R\$ 30.148 billion. The capitalization segment income growth was also significant - 15.44% - reaching a global total of R\$ 6,022 billion as opposed to R\$ 5,217 billion in the previous year. The complementary open-end pension fund segment also increased 9.3% with a total of contributions income in the order of R\$ 7,812 billion compared to R\$ 7,147 billion in 2002.

At the end of 2003, the Brazilian insurance industry once again confirmed its position as a strategic sector in the formation of domestic savings, reaching an amount of technical provisions in the order of R\$ 66,072 billion, which represents a growth of 36.51% over the R\$ 48,4 billion recorded in 31st December 2002.

By segment, the insurance activity was the area that had the largest growth of technical reserves, which expanded from R\$ 14,443 billion at 31st December 2002, to R\$ 23,184 billion at 31st December 2003,

resulting in an increase of 60.54%. Once again, the complementary open-end pension fund segment presented an expressive participation, accumulating reserves of R\$ 34,665 billion, a growth rate of 29.57% in relation to the previous year. With a verified volume of R\$8,223 billion of reserves, the capitalization segment grew 14.16% over the R\$ 7,202 billion of the previous year.

Among the highlights that marked the institutional life of the insurance industry in the second half of 2003, was the 2nd Conseguro - Brazilian Insurance, Re-insurance, Private Pensions and Capitalization Conference held. The event was run in Rio de Janeiro during November and counted on participation of over 1,400 professionals from insurance companies, reinsurance companies, private pension fund groups, and capitalization entities. They all had the opportunity to hear the voices of those who are tuned in to the major social and economic transformations in this new millennium which represent the challenges to industry growth over the years to come. On the agenda, among other themes, debates were held on insurance fraud, industry ethics and the need for transparency in consumer relations.

In Brasilia, in the month of May, 2004, during the inauguration solemnity to welcome the new Fenaseg Executive Directory for 2004-2007, the 2nd Sectorial Plan for the Insurance Industry was launched. The document defines institutional action vectors for the functioning and production of the Brazilian insurance industry for the next few years.

Articulated in four parts, the Plan highlights the performance of the insurance, re-insurance, capitalization and pension funds companies in regard to their respective missions of providing – with economic efficiency and social responsibility – protection for the national productive agents and the society, contributing to the improving values of citizenship and humanizing the concept of progress. The Plan is built around the main objectives of implementing programmed actions to maintain a consistent evolution of the insurance industry, raising the participation of the segment to 5% of the Brazilian GNP.

Along general lines, the Plan shows evidence that the insurance industry in Brazil does present favorable conditions for segment growth in the country. But Plan II also highlights the factors that have inhibited the expansion of the consumer base – mostly in the insurance segment – and that present the greatest challenge to the industry at this time: the high concentration of wealth and general disinformation regarding the insurance activity, both factors impeding products from reaching the classes most in need of coverage.

In operational terms, the year 2003 was marked by intense Fenaseg institutional activity implementing and executing measures to prevent and inhibit insurance fraud. As such, priority was given to setting up management procedures in the directory responsible for the integrated Plan for Prevention and Reduction of Insurance Fraud, covering initiatives such as the

implementation of the telephone Insurance Crime Hotline. The actions taken were defined based on the results of a national public opinion survey in which the image of the insurance industry was tested as well as the tolerance and level of propensity of the population to practice fraudulent acts in insurance cases.

Finally, as respects to regulation, approval was given in May of 2003 to the Constitutional Amendment nº 40, which establishes that the regulatory measures related to Article 192 of the Federal Constitution will be made in separate parts. According to the Amendment, each group of activities, integrants of the National Financial System, will be regulated by a specific Complementary Law. In the wake of this policy change, Complementary Bill nº 55, which was presented in June of 2003, transfers regulatory and supervisory powers on reinsurance from IRB-Brasil Re to the Superintendence of Private Insurance (SUSEP). Without doubt, this can be seen as an important victory for the modernization of the Brazilian insurance industry.

João Elisio Ferraz de Campos





Brazilian Insurance

**Industry
2003**

Insurance Industry

The Brazilian insurance industry has presented a continuous annual growth rate since 1997, registering an expansion of 104.31% up to 2003 in which the complementary open-end pension segment stands out for its growth performance of 251.8%. The life and personal accident insurances segment also registered growth of 242.6%. In 2003, the insurance industry once again expanded achieving indices greater than those recorded by the Brazilian GNP, consolidating a new level of reference (3.4% of GNP), for the dimension of the industry in the national scenario.

This growth shows itself most pungently in the total of accumulated technical provisions, counterpart to the commitments assumed by the activity, having reached a volume of R\$ 66,1 billion by the end of

2003, recording an accumulative growth rate of 351.35% since 1997. The net assets of the companies that operate in the insurance industry, during this same period, recorded a growth of 168.6%, which added to the technical provisions mentioned above, now total R\$ 92,4 billion, a sum equivalent to 6.1% of the GNP. The disparity of the expansion of provisions in relation to the actual premium income is explained by the performance of the complementary open-end pension funds and life insurance in a capitalization regimen, an activity based on financial accumulation for the generation of future benefits. This characteristic of the insurance industry demonstrates its importance as a financial agent in the economic segment and in the formation of long-term savings through a process of investment of its assets.

Insurance Industry, Complementary Open-end Pensions and Capitalization 1997/2003

R\$ thousands

Market Segments	1997	1998	1999	2000	2001	2002	2003	Variation% 2003/1997
GENERAL INSURANCE								
AUTOMOBILE	5,790,621	6,601,831	6,296,512	7,293,101	7,945,472	8,202,439	8,940,534	54.40%
PROPERTY	2,045,709	1,513,891	1,530,938	1,712,137	2,105,571	2,776,033	3,456,819	68.98%
DPVAT	686,233	763,445	1,047,978	1,209,796	1,280,997	1,418,149	1,469,618	114.16%
HOME	925,123	1,069,870	1,009,619	893,294	797,715	776,634	771,126	(16.65)%
TRANSPORT	678,141	643,581	752,409	834,971	980,295	1,071,081	1,176,636	73.51%
FINANCIAL RISKS	74,895	77,559	74,039	97,824	122,670	189,677	163,718	118.60%
CREDIT	86,485	90,436	98,716	129,968	155,036	191,218	251,901	191.27%
LIABILITY	86,156	106,362	122,898	154,002	193,147	281,777	412,777	379.11%
MARINE	135,518	115,087	168,484	157,291	274,887	440,684	543,231	300.86%
RURAL	37,220	40,319	52,880	79,946	81,137	105,441	192,066	416.03%
SPECIAL RISKS	20,508	17,181	38,061	28,457	128,700	123,445	139,536	580.39%
OTHERS	2,212	1,321	2,455	1,598	355	1,710	777	(64.87)%
TOTAL GENERAL INSURANCE	10,568,821	11,040,883	11,194,990	12,592,385	14,065,983	15,578,287	17,518,739	65.76%
HEALTH INSURANCE	3,975,502	4,295,188	4,923,668	5,694,418	6,063,217	6,326,594	6,617,610	66.46%
LIFE AND PERSONAL ACCIDENTE								
LIFE INDIVIDUAL/GROUP/APC	3,331,769	3,499,836	3,552,425	4,005,868	4,384,840	4,742,842	5,208,374	56.32%
VGBL/VAGP/VRGP INDIVIDUAL	0	0	0	0	0	2,547,698	7,041,239	
VGBL/VAGP/VRGP GROUP	0	0	0	0	0	0	1,165	
PERSONAL ACCIDENT	518,695	562,153	615,873	700,261	827,298	953,840	940,325	81.29%
TOTAL LIFE & P. A.	3,850,463	4,061,989	4,168,298	4,706,129	5,212,138	5,700,000	13,191,102	242.58%
TOTAL INSURANCE	18,394,786	19,398,060	20,286,956	22,992,932	25,341,338	30,149,261	37,327,451	102.92%
OPEN PENSION FUNDS								
INSURERS	1,502,968	2,564,739	3,061,473	4,381,062	6,321,586	6,735,440	7,319,223	386.98%
NON PROFIT ENTITIES	300,747	315,473	332,314	356,511	383,218	410,772	465,295	54.71%
PROFIT MAKING ENTITIES	408,932	348,477	503,810	640,756	820,223	0	0	
TOTAL OPEN PENSION FUNDS	2,212,647	3,228,689	3,897,596	5,378,329	7,525,028	7,146,211	7,784,518	251.82%
TOTAL CAPITALIZATION	4,420,772	3,553,996	4,090,174	4,391,491	4,789,563	5,217,204	6,022,577	36.23%
TOTAL INSURANCE, PENS. AND CAP.	25,028,205	26,180,745	28,274,726	32,762,753	37,655,929	42,512,677	51,134,546	104.31%

Sources: SUSEP and ANS

Direct Claims

R\$ thousands

Segment	1997	1998	1999	2000	2001	2002	2003	Var 03/97	Mix 2003
Automobile	4,325,617	5,032,786	5,434,541	5,601,987	5,960,192	6,369,477	6,891,935	59.33%	34.77%
Life	1,550,050	1,731,264	1,791,326	1,908,215	2,057,835	2,425,701	3,574,697	130.62%	18.03%
Health	3,027,416	3,528,709	3,806,927	4,533,265	4,141,021	5,591,670	5,612,105	85.38%	28.31%
Property	1,398,726	1,010,048	1,043,964	1,155,384	1,345,741	1,580,261	1,496,651	7.00%	7.55%
Personal Accidents	121,241	138,784	148,562	166,221	203,836	235,542	264,963	118.54%	1.34%
DPVAT	386,025	341,809	264,502	331,167	472,913	505,174	527,969	36.77%	2.66%
Home	536,007	602,030	647,464	620,358	520,029	474,599	116,451	(78.27)%	0.59%
Transport	443,425	413,496	497,069	519,551	553,506	579,059	602,402	35.85%	3.12%
Financial Risk	74,800	37,139	79,056	17,503	39,902	49,715	50,952	(31.88)%	0.26%
Credit	29,231	32,817	52,475	86,468	114,372	140,830	179,678	514.69%	0.91%
Liability	46,496	33,793	55,114	67,982	104,619	89,206	140,471	202.12%	0.71%
Marine	136,289	66,563	132,454	203,990	143,762	313,556	297,085	117.98%	1.54%
Rural	15,240	26,449	18,637	184,101	42,308	97,146	60,604	297.66%	0.31%
Special Risks	4,973	13,172	4,634	4,792	1,254,772	7,440	6,721	35.16%	0.03%
Others	3,499	8,532	3,125	5,300	1,610	1,190	332	(90.51)%	0.00%
TOTAL	12,099,033	13,017,389	13,979,849	15,406,283	16,956,418	18,460,567	19,823,015	63.84%	100%

Sources: SUSEP and ANS

In the same period, from 2000 to 2003, automobile insurance annual premium income climbed from R\$ 7,3 billion to R\$ 8,9 billion - an increase of R\$ 1,64 billion equal to 22.6%. Its participation in the portfolio mix fell from 31.7% in 2000 to 23.9% in 2003, a decrease of 7.7 percentage points, moving the segment, for the first time, to 2nd place in the industry.

In 2003 the segment continued to suffer with the weak performance of sales in the automobile industry, which did not react as was expected to the incentive of reduction of Tax on Industrialized Products (IPI), although the incentive may have eased the fall which, in 2003 was 9.0%, and as much as 63% in the more powerful vehicles range, with engine greater than 2.0 liters.

The health segment from 2000 to 2003 had a premium income increase of R\$ 923,2 million, equivalent to 16.2%, against the 62.3% increase of the industry in the same period. In 2003, the segment maintained the same growth rate as the prior year – 4.6%. Its stagnation was due to an inadequate policy of readjustments of the plans, which deteriorated the premium income as well as being due to the augment of the obligatory services

which increased the costs and subsequently impaired for good and all the profitability.

In spite of this, in 2003 health insurance continued in 3rd place with a market participation of 17.7% registering a decline of 3.2 percentage points in relation to the participation of 2002 recorded at 20.9%.

In spite of the acquisition expenses of R\$ 3,98 billion in 2003, an increase of 8,6% in relation to the R\$ 3,7 billion of 2002, the acquisition expenses ratio registered a reduction of 0.7 percentage points – from 15.7% in 2002 to 15.0% in 2003.

The increase of 13.3% in earned premiums was responsible for the general performance; earned premiums totaled R\$ 26,5 billion in 2003 against R\$ 23,4 billion of the previous year.

The efficiency in commercialization of the insurance products became evident in the comparison between annual acquisition expenses and earned premiums in the period from 1994 to 2003, in which the increase in premiums was recorded at 185.4% in contrast to the increase of the expenses in the same period, of 124.5%.

Technical Reserves

R\$ thousands

MARKETS	1997	1998	1999	2000	2001	2002	2003	Variation(%) 2003/1997
INSURANCE	6,321,776	7,294,706	8,789,891	10,569,238	10,194,149	14,443,496	23,184,299	266.74%
CAPITALIZATION	3,700,600	4,087,049	4,579,035	5,534,615	6,315,391	7,202,962	8,223,082	122.21%
OPEN-END PENSION FUNDS	4,616,406	6,769,011	9,917,372	13,665,447	20,782,833	26,754,328	34,665,477	650.92%
TOTAL MARKET	14,638,782	18,150,766	23,286,297	29,769,300	37,292,372	48,400,786	66,072,858	351.35%

Sources: SUSEP and ANS

Policyholder's Surplus

R\$ thousands

MARKETS	1997	1998	1999	2000	2001	2002	2003	Variation(%) 2003/1997
INSURANCE	7,978,091	8,454,989	9,851,530	9,765,170	11,321,226	13,369,994	18,894,140	136.83%
CAPITALIZATION	691,180	2,358,454	3,371,659	3,513,456	3,159,167	3,003,125	3,575,500	417.30%
OPEN-END PENSION FUNDS	1,147,961	1,132,061	1,369,973	2,027,620	3,326,474	3,909,030	3,894,160	239.22%
TOTAL MARKET	9,817,232	11,945,504	14,593,162	15,306,246	17,806,867	20,282,149	26,363,800	168.55%

Sources: SUSEP and ANS

Distribution of Technical Provisions Reserves

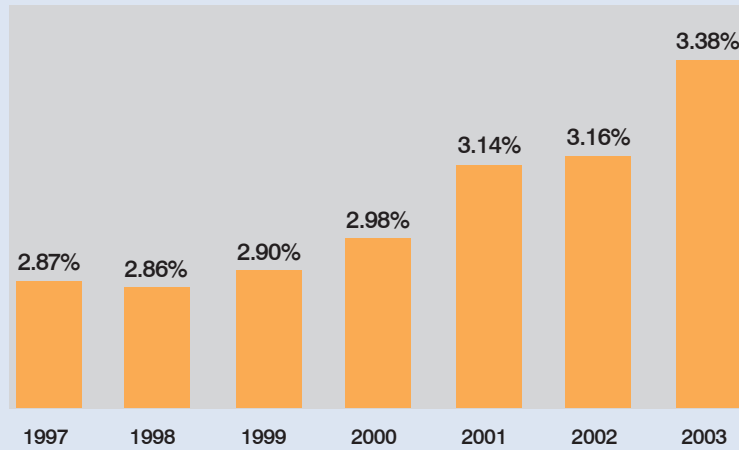
December of 2003

R\$ thousands

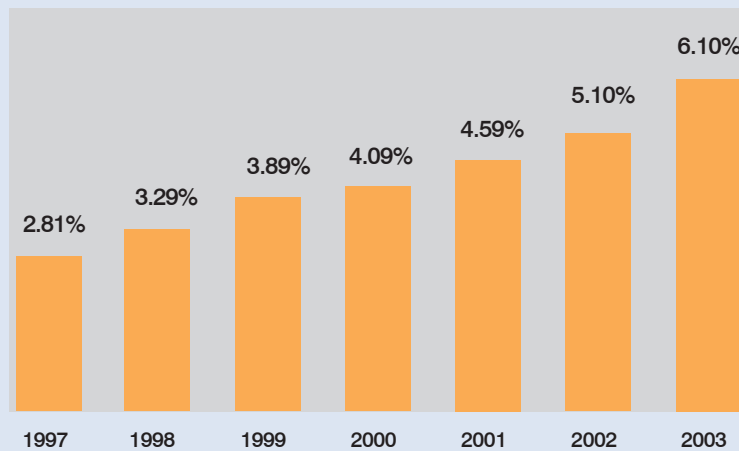
Reserve Assets	Insurance Companies		Open-end Pensions		Capitalization		Total	
	Total Res. Prov.	%	Total Res. Prov.	%	Total Res. Prov.	%	Total Res. Prov.	%
Fixed Income	22,756,058	39.60%	1,067,744	81.28%	7,801,003	75.38%	31,624,805	45.75%
Variable Income	1,264,948	2.20%	53,436	4.07%	656,790	6.35%	1,975,175	2.86%
Real Estate	443,018	0.77%	61,962	4.72%	55,805	0.54%	560,786	0.81%
Government Bonds	11,206,155	19.50%	127,953	9.74%	1,834,773	17.73%	13,168,881	19.05%
PGBL Funds	12,033,963	20.94%	2,563	0.20%			12,036,526	17.41%
VGBL Funds	9,756,571	16.98%					9,756,571	14.11%
Total	57,460,713	100%	1,313,659	100%	10,348,371	100%	69,122,743	100%

Sources: SUSEP and ANS

Total Income of the Insurance Industry in Relation to GNP (%)



Total Investments of the Insurance Industry in Relation to GNP (%)



Sources: IBGE, SUSEP and ANS

Insurance

In 2003, the insurance activity was exercised by 118 companies with a total premium income of R\$ 37,3 billion - an increase of 23.8% in relation to the amount of R\$ 30,1 billion in 2002 - an increment of R\$ 7,2 billion in absolute values.

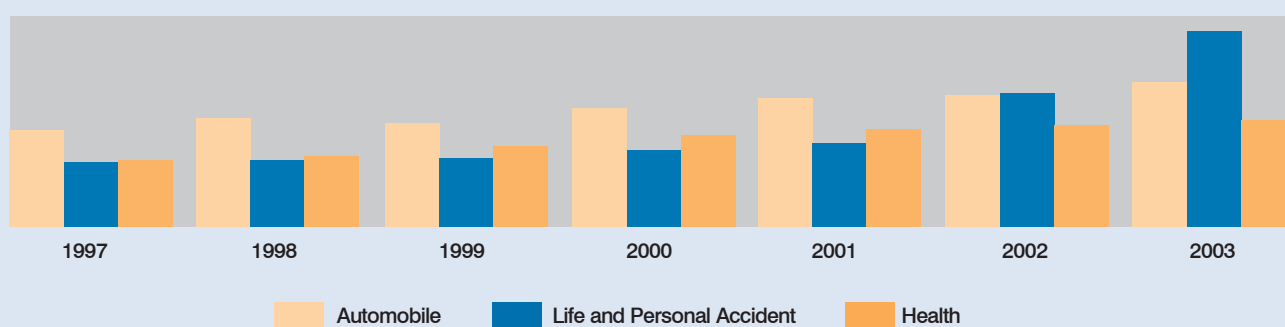
From 2000 to 2003, premium income showed growth of 62.3%, going from R\$ 23,0 billion to R\$ 37,3 billion, an increase in the four-year period equivalent to R\$ 14,3 billion. The segment of life and personal accidents insurances was the main factor in this increase.

Insurance Premiums

R\$ thousands

Segment	1997	1998	1999	2000	2001	2002	2003	Var 03/97	Mix 2003
Automobile	5,790,621	6,601,831	6,296,512	7,293,101	7,945,472	8,202,439	8,940,534	54.40%	23.95%
Life	3,331,769	3,499,836	3,552,425	4,005,868	4,384,840	7,290,540	12,250,777	267.70%	32.82%
Health	3,975,502	4,295,188	4,923,668	5,694,418	6,063,217	6,326,594	6,617,610	66.46%	17.73%
Property	2,045,709	1,513,891	1,530,938	1,712,137	2,105,571	2,776,033	3,456,819	68.98%	9.26%
Personal Accidents	518,695	562,153	615,873	700,261	827,298	953,840	940,325	81.29%	2.52%
DPVAT	686,233	763,445	1,047,978	1,209,796	1,280,997	1,418,149	1,469,618	114.16%	3.94%
Home	925,123	1,069,870	1,009,619	893,294	797,715	776,634	771,126	(16.65)%	2.07%
Transport	678,141	643,581	752,409	834,971	980,295	1,071,081	1,176,636	73.51%	3.15%
Financial Risk	74,895	77,559	74,039	97,824	122,670	189,677	163,718	118.60%	0.44%
Credit	86,485	90,436	98,716	129,968	155,036	191,218	251,901	191.27%	0.67%
Liability	86,156	106,362	122,898	154,002	193,147	281,777	412,777	379.11%	1.11%
Marine	135,518	115,087	168,484	157,291	274,887	440,684	543,231	300.86%	1.46%
Rural	37,220	40,319	52,880	79,946	81,137	105,441	192,066	416.03%	0.51%
Special Risks	20,508	17,181	38,061	28,457	128,700	123,445	139,536	580.39%	0.37%
Others	2,212	1,321	2,455	1,598	355	1,710	777	(64.87)%	0.00%
TOTAL	18,394,786	19,398,060	20,286,956	22,992,932	25,341,338	30,149,261	37,327,451	102.92%	100%

Sources: SUSEP and ANS

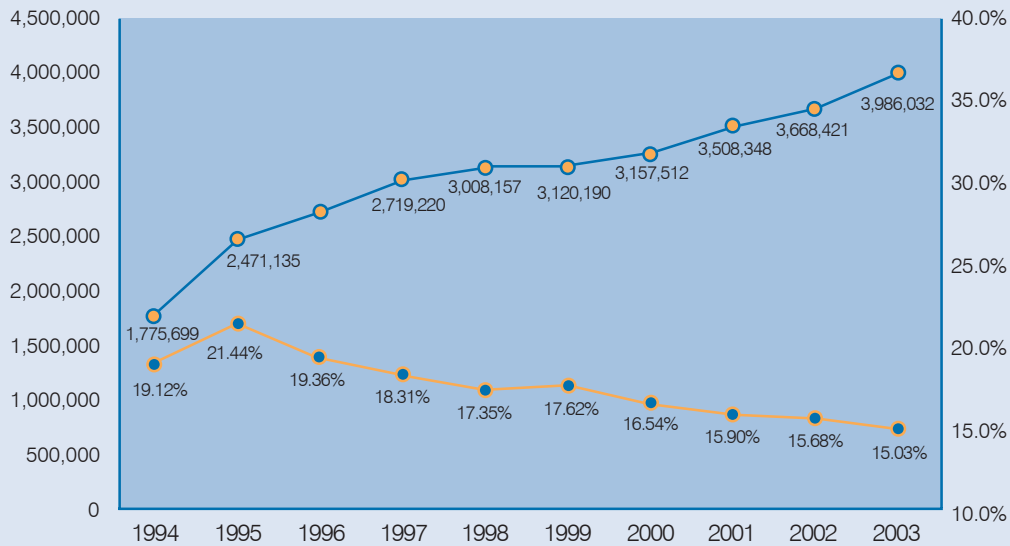


The life segment participated in that increase with R\$ 8,2 billion; premiums increasing from R\$ 4,0 billion in 2000 to R\$ 12,2 billion in 2003, an increase of 205.8%. It was the most expressive segment in the industry displaying a market share of 32.8%.

VGBL was responsible for the growth of the life

segment which, in 2003, recorded premium income of R\$ 11,2 billion equivalent to 30% of the market total. The expansion of VGBL not only had repercussions on claims but also on the investment result, technical reserves of the segment and on the market indicators in a general way.

Acquisition expenses and acquisition expenses ratios



Overall loss ratio of 68.49% in 2003: an increase of 1.56 percentage points in relation to that of 2002 of 66.93%. The segments that presented the greatest

increase were life insurance, with an increase of 6.0 percentage points and health insurance with 4.2 percentage points.

Loss Ratios

Segment	1997	1998	1999	2000	2001	2002	2003
Automobile	72.86%	70.88%	76.11%	72.67%	68.98%	71.01%	72.44%
Life	46.79%	52.01%	51.77%	49.87%	49.19%	53.44%	59.51%
Health	77.74%	79.67%	79.02%	80.30%	83.19%	82.08%	86.21%
Property	67.62%	63.12%	66.81%	64.76%	60.10%	54.62%	47.65%
Personal Accidents	21.79%	25.24%	24.10%	23.76%	25.29%	28.73%	27.66%
DPVAT	76.93%	62.13%	72.90%	77.27%	78.77%	75.78%	76.66%
Home	74.78%	70.15%	43.94%	39.34%	29.10%	34.15%	37.60%
Transport	58.33%	59.93%	67.22%	57.92%	54.97%	51.63%	50.58%
Financial Risk	105.98%	69.80%	75.47%	40.02%	88.66%	38.13%	53.77%
Credit	25.25%	35.01%	42.82%	33.27%	68.52%	85.18%	98.73%
Liability	66.84%	46.66%	73.65%	61.12%	85.28%	71.23%	56.37%
Marine	75.44%	59.15%	74.39%	101.08%	139.86%	90.93%	61.37%
Rural	29.93%	66.61%	37.95%	78.46%	50.46%	66.92%	30.91%
Special Risks	82.50%	81.28%	48.69%	64.96%	118.51%	92.32%	(8.58)%
Others	114.29%	275.70%	120.79%	321.24%	(120.42)%	68.90%	42.76%
TOTAL	66.41%	66.61%	69.00%	67.29%	66.48%	66.93%	68.49%

Sources: SUSEP and ANS

Loss ratio in the life segment went from 53.4% in 2002 to 59.5% in 2003, pressured by the VGBL cash surrender values which, computed with the losses, increased the ratio of the segment and distorted the overall loss ratio.

Automobile insurance had a loss ratio of 72.4% in 2003: an increase of 1.4 percentage points in relation to that of 71.0% in 2002. The retraction of the sales in the automobile industry brought about a premium income that was insufficient to buffer the increase of the losses,

caused by the aging of the fleet and the increase in robberies and vehicle theft.

Health insurance in 2003 presented a loss ratio of 86.2% against 82.0% in 2002. The increase of 4.2 percentage points confirmed the stagnation of the premium income and the increase of the servicing costs: it confirmed the non viability of the situation at this time. Should this continue, it will take away all the favorable economic characteristics of health insurance business, putting its very existence at risk.

Accumulated Data

R\$ thousands

Accounts	1997	1998	1999	2000	2001	2002	2003	Evolution 03/02	Evolution 03/97
Net Written Premium	18,394,786	19,398,060	20,286,956	22,992,932	25,341,338	30,149,261	37,327,451	23.81%	102.92%
Net Earned Premium	16,425,276	17,979,414	17,918,810	19,764,212	22,071,267	23,388,388	26,508,760	13.34%	61.39%
Retained Losses	10,907,235	11,976,638	12,363,413	13,300,082	14,672,972	15,653,821	18,154,733	15.98%	66.45%
Acquisition Expenses	3,008,157	3,120,190	3,157,512	3,268,601	3,508,348	3,668,421	3,984,260	8.61%	32.45%
Management Expenses*	2,804,259	3,038,183	3,746,224	3,414,158	4,349,860	4,796,612	5,385,917	12.29%	92.06%
Investments Result	1,587,116	3,228,689	3,179,781	2,701,543	2,734,361	3,710,462	5,347,386	44.12%	236.92%

Net Written Premium = total written premium – ceded reinsurance premium
 Net Earned Premium = net written premium – variation of the unearned premium reserve
 Retained Losses = incurred losses – reinsured losses
 * Management expenses include Taxes

Sources: SUSEP and ANS

The management expenses (which include tax and other expenses) totaled R\$ 5,4 billion in 2003 against R\$ 4,8 billion in 2002, an increase of 12.3% against an increase of 13.3% in earned premiums.

The management expenses ratio of 20.32% in 2003 remained, however, practically unaltered in relation to the figure of 20.5% recorded in 2002.

Ratios

In percentiles - Net Portfolio	1997	1998	1999	2000	2001	2002	2003
Loss ratio	66.41%	66.61%	69.00%	67.29%	66.48%	66.93%	68.49%
Management expenses ratio	17.07%	16.90%	20.91%	17.27%	19.71%	20.51%	20.32%
Acquisition expenses ratio	18.31%	17.35%	17.62%	16.54%	15.90%	15.68%	15.03%
In percentiles - Net Portfolio	1997	1998	1999	2000	2001	2002	2003
Combined ratio	101.79%	100.87%	107.52%	101.11%	102.08%	103.12%	103.83%
“Amplified” combined ratio	92.82%	85.51%	91.32%	88.95%	90.83%	89.00%	86.40%

Sources: SUSEP and ANS

In 2003, the combined ratio of 103.8% practically remained unchanged in relation to 2002 (103.1%); this reflected the fact that the increase in the loss ratio was compensated by the reduction in the acquisition expenses ratio.

The amplified combined ratio, to the contrary, presented a significant improvement, going from 89.0% in 2002 to 86.4% in 2003, as a result of the 44.1% increase of the investment result which, in 2003, reached the expressive amount of R\$ 5,35 billion. This, in turn, arose from the increase in the volume of investments as a consequence of the expansion of VGBL operations.

The financial assets not only confirmed their presence as the major assets of the market but their participation went from 50.6% in 2002 to 68.1% in 2003, with direct influence on the profitability as this was improved by the investment result, which also compensated the fall in the interest rates in 2003.

Fixed assets in 2002 represented 24.2% of all the market assets rising to 28.5%, in 2003. The increase was due to the capital investments in controlled and associated companies with the aim of amplifying the synergies between the companies.

In the same period, the gross working capital increased from 25.2% in 2002 to 29.4% in 2003, revealing the increase of the insurance activity, caused mainly by the VGBL.

Assets of immediate liquidity in 2003 provided a coverage to the technical reserves that was on average 110.4% against an average coverage of 103.3% in 2002. The fixed income securities and the short term investment funds represented 95.8% of these assets, the remaining 4.2% being represented by variable income securities.

The coverage of the technical reserves by the total asset investments had the following evolution:

	2003	2002	2001	2000
Total Investments	27,141,352	18,150,257	13,651,059	11,924,568
Technical Reserves	23,184,299	14,443,496	10,194,149	10,569,238
Total Investments / Technical Reserves	117.1%	125.7%	133.9%	112.8%

R\$ thousands

The structure of the net worth situation in 2003 registered a solvency surplus, in average, of R\$ 1,6 billion against R\$ 1,4 billion of 2002, with an increase of 12.5%. The surplus was obtained after the deductions of the solvency margin and the participations in controlled and associated companies.

The solvency margin from 2002 to 2003 showed a significant increase of R\$ 1,35 billion, that is, 25.5%, increasing from an average of R\$ 5,27 billion to R\$ 6,62 billion, this increase being due to the success of the VGBL.

Participations in controlled and associated companies, on the average for the year, climbed from R\$ 5,3 billion in 2002 to R\$ 7,5 billion in 2003 - an increase of 40.8%.

Results

The net profit of 2003 amounted to R\$ 3.26 billion, an increase of 36.1% in relation to the net profit of R\$ 2.39 billion in 2002.

However, the underwriting loss in 2003 reached R\$ 971.8 million, which represented an increase of 78.5% in relation to the negative result of 2002, of R\$ 544.4 million.

The main cause of the increase in the underwriting loss was the 16.0% increase in the losses whilst premiums earned only increased by 13.3%: underwriting result in relation to premiums earned represented -2.33% in 2002 and -3.67% in 2003.

Were it not for the performance of the acquisition expenses which, in 2003, increased only by 8.65% (therefore, less than the 13.3% increase in earned premiums) the underwriting loss would have been larger. This was because the management expenses increase (13.1%) was near the same as that of the earned premiums in the period.

Responsible for the expressive increase of liquidity in 2003, in spite of the increase of the underwriting loss, was the investment result of R\$ 3.13 billion, in face of the investment result of 2002, of R\$ 2.36 billion. The 32.7% increase was obtained because of the 49.5% decline in the investment expenses in 2003.

The drop was due to the fact that the general insurers transferred their portfolios of complementary pension plans to specialized insurers, thus freeing themselves

in 2003 from the financial expenses which, in the previous year, remunerated the pension plans.

This transference made the rate of return on investments of the insurance activity of 18.7% in 2003 more visible, in face of the rate of 14.5%, in 2002. The difference of 4.2 percentage points roughly represented the rate of return in 2002 related to the now transferred pension plans.

The transference did not alter the rate of return of the underwriting operation in 2003, which was kept at 6.52% p.a., well within the parameters of previous years.

What did show as falling, however, was the profitability in relation to the policyholders' surplus, which went from 13.68% p.a. in 2002 to 11.42% p.a. in 2003; the reduction was provoked much more by the increase of 42.6% in the policyholders' surplus than from a reduction in the profitability of the sector.

In just one year, the policyholders' surplus jumped from R\$ 13.25 billion to R\$ 18.9 billion, due mainly to the capital increase of R\$ 3.34 billion, equivalent to an increase of 31.1%, which reduced the leverage to 1.75%, the lowest since 1997, evidencing an increase of the risk based capital ratio and, simultaneously, the opening of a new space for expansion.

In much the same way as the return on the underwriting operations, so also the gross operational return of

11.35% p.a., in 2003, even presenting itself as the best rate of the last five years, it did not distance itself much from the lowest rate of the period, 10.2%, in 1999.

In other terms, in these last few years, the increase of profitability was efficiently kept in line with the increase of the activity.

Contrary to this, the expressive increases of capital made in 2003 are reflected in the policyholders' surplus whose

rate of return (ROE), of 17.24%, in 2003, presented itself as the least of the last 5 years.

The benchmark continues to be the ROE of 2001, of 20.92% p.a.

The year 2003 became the benchmark for profitability on all the assets (ROA), of 8.18% p.a.: the 23.6% increase in the assets from 2002 to 2003 was smaller than the 36.1% increase of the net profit in the period of 36.1%.

Profitability of the Insurance Industry

Period: 2003 - 1997

Rates of Return (%)	2003	2002	2001	2000	1999	1998	1997
Underwriting Result	-3.67%	-2.33%	-1.99%	-3.64%	-8.84%	-4.52%	-5.41%
Earned Premiums							
Financial Investments	18.7%	14.46%	14.55%	16.40%	21.97%	20.73%	18.74%
(Fixed income, deposits etc.)							
Financial Result over Financial Applications							
Investments in Fixed or Permanent Assets	14.5%	12.00%	14.98%	12.18%	14.06%	8.81%	14.18%
Real estate, participation in controlled and Affiliated companies							
Total Investments	16.8%	14.18%	15.21%	16.10%	20.27%	16.42%	13.61%
(Includes Non-Operational Result)							
Financial Result + Assets + Non-Operational Without							
Financial Application + Permanent Investments							
Operational Result Rates of Return (%)	2003	2002	2001	2000	1999	1998	1997
Leverage	1.75%	1.99%	2.21%	2.11%	1.83%	2.15%	2.16%
Retained Premiums / Policyholders' Surplus							
Operational Result Retained Premiums	6.5%	6.9%	6.9%	6.0%	5.0%	5.7%	2.9%
Industrial Operational Result +							
Financial Result over Net Premium							
Operational Result Policyholders Surplus	11.4%	13.7%	15.2%	12.7%	9.2%	12.2%	6.2%
Industrial Operational+							
Result + Financial Result over Net Assets							
Total Gross and Net Rates of Return (%)	2003	2002	2001	2000	1999	1998	1997
Total Gross Results before taxes							
Result before Taxes							
Total Gross Result/Retained Premiums	11.4%	10.9%	11.3%	10.5%	10.2%	8.3%	4.8%
Total Gross Result/Policyholders' Surplus	19.9%	21.8%	24.9%	22.0%	18.6%	17.9%	10.4%
Total Net Result							
Net Result For the Year							
Total Net Result/Retained Premiums	9.9%	9.0%	9.5%	8.6%	8.8%	7.0%	3.4%
Total Net Result/Policyholders' Surplus (ROE)	17.2%	18.1%	20.9%	18.2%	16.0%	15.0%	7.3%
Total Net Result/Total Assets (ROA)	8.2%	7.4%	7.9%	7.0%	6.5%	6.1%	3.2%

Insurance Lines Groups

From 2003, the SUSEP reorganized the groups of insurance lines as shown below:

Automobile

- 20 – Personal Accident Coverage for Passengers of Land Motor Vehicles
- 23 – Liability of Interstate/International Land Carriers.
- 24 – Extended Guarantee/Mechanical
- 25 – Green Card
- 31 – Automobile
- 44 – Liability International Travel/Transport.
- 53 – Facultative Auto Liability
- 88 – DPVAT (Categories 1, 2, 9 and 10): compulsory no-fault auto insurance
- 89 – DPVAT (Categories 3 and 4): compulsory no-fault auto insurance

Property

- 11 – Traditional Fire Policy
- 12 – Fire - Simple Coverage (cover note form)
- 13 – Glass
- 14 – Homeowners
- 15 – Theft/Robbery
- 16 – Comprehensive Condominium Coverage
- 17 – Riots
- 18 – Comprehensive Business Coverage
- 41 – Lost of Profits
- 42 – Loss of Profits Simple Coverage
- 43 – Fidelity Bond
- 67 – Engineering Risks
- 71 – Miscellaneous Risks
- 73 – Bankers Blanket Bond
- 76 – Miscellaneous Risks - Combined Plans
- 96 – Miscellaneous Risks - Nominated and Operational Risks

Life and Personal Accident

- 36 – P.C.H.V. (loss of flight license due to disability)
- 69 – Tourism
- 77 – Credit Life Insurance
- 80 – Educational Insurance
- 81 – Personal Accidents – Individual
- 82 – Personal Accidents – Group
- 90 – Disability - Random Events
- 91 – Individual Life
- 92 – VGBL/VAGP/VRGP Individual
- 93 – Group Life
- 94 – VGBL/VAGP/VRGP Group
- 97 – VG/APC

Home

- 66 – Home – SFH
- 68 – Home – Outside the SFH

Transport (Goods in Transit)

- 21 – National Transport
- 22 – International Transport
- 27 – Intermodal Carriers' Liability
- 32 – Civil Liab. - International Travel /Cargo Transp.
- 38 – Railways Liability
- 52 – Air Carriers' Liability
- 54 – Truckers' Liability
- 55 – Liability - Cargo Diversion
- 56 – Ship owner's Liability
- 58 – Intermodal Carriers' Op. Liability

Financial Risks

- 39 – Financial Guarantee
- 40 – Guarantee of Private Obligations
- 45 – Guarantee of Public Obligations
- 46 – Rental Guarantee
- 47 – Guarantee of Public Concessions
- 50 – Legal Guarantee
- 75 – Guarantee

Credit

- 19 – Export Credit - Commercial Risks
- 48 – Internal Credit
- 49 – Export Credit
- 59 – Export Credit - Political Risks
- 60 – Domestic Credit - Commercial Risks
- 70 – Domestic Credit - Personal Risks

Liability

- 10 – Directors & Officers Liability (D&O)
- 51 – General Liability
- 78 – Professional Liability

Special Risks

- 34 – Oil Risks
- 72 – Nuclear Risks
- 74 – Satellites

Hull

- 33 – Marine Hull
- 35 – Aircraft
- 37 – Hangar Liability
- 57 – D. P. E. M.
- 84 – Aircraft – Tickets

Rural

- 01 – Agricultural Insurance without FESR Coverage
- 02 – Agricultural Insurance with FESR Coverage
- 03 – Farming Insurance without FESR Coverage
- 04 – Farming Insurance with FESR Coverage
- 05 – Aquiculture Insurance without FESR Coverage
- 06 – Aquiculture with FESR Coverage
- 07 – Forest Insurance without FESR Coverage
- 08 – Forest Insurance with FESR Coverage
- 09 – Insurance in respect of the Rural Product Certificate
- 28 – Farming - Livestock
- 29 – Aquiculture
- 30 – Farm Buildings and Products
- 61 – Agricultural
- 62 – Rural Property and Goods on Lien – Private Financial Institutions
- 63 – Rural Property and Goods on Lien – Public Financial Institutions
- 64 – Bloodstock and Livestock
- 65 – Comprehensive Forest

Others

- 79 – Insurance Abroad
- 86 – Individual Health
- 87 – Group Health
- 99 – Branches Abroad

1) Insurance Premium = premium issued - cancellation - restitution - discount (Total Pension funds contribution values were considered); 2) Gross Premium Received = Premium issued + co-insurance accepted - restitution - discounts - Premium variation not received; 3) Retained Premium Received = premium issued + co-insurance accepted - co-insurance conceded - Restitution - discount - re-insurance conceded + retrocession accepted - Premium variation not received; 4) Gross Sinister = insurance sinister + co-insurance sinister accepted - co-insurance conceded - salvage - reimbursements; 5) Retained Sinister = sinister insurance + sinister co-insurance accepted - sinister co-insurance conceded - sinister re-insurance conceded + sinister retrocession accepted - salvage and reimbursements (Total Pension fund benefit and cash-in values were considered); 6) Gross Sinister = gross sinister/gross premium received; 7) Gross Sinister % = retained sinister/premium received; 8) Information from insurance companies that operate open-end complementary pension funds; 9) Personal insurance pre-determined.

SEGMENTS	Total Premium	Insurance Premium	Ceded Co-insurer	Gross Earned Premium	Ceded Re-insurer	Net Earned Premium	Gross Loss	Net Loss	Gross Loss Ratio	Net Loss Ratio	Shown in R\$ '000	
											Gross Expenses	Net Expenses
AUTOMOBILE	8,938,813	8,940,534	54,554	8,563,105	65,961	8,497,130	6,167,505	6,155,680	72.02%	72.44%	1,689,770	1,637,492
Personal passenger accidents	131,496	131,646	1,049	93,876	764	93,112	10,120	12,057	10.78%	12.95%	19,521	18,917
Civil resp. - Road & International	15,334	15,364	358	8,974	1,754	7,221	5,211	5,412	58.06%	74.96%	1,930	1,870
Extended warranty/Mechanical	4,627	4,627	0	3,947	2,178	1,769	1,138	712	28.84%	40.25%	(338)	(327)
Green card	602	602	0	562	1	560	6	7	1.11%	1.21%	137	133
Automobiles	6,999,407	7,001,051	42,895	6,721,211	33,097	6,688,097	5,046,719	5,039,594	75.09%	75.35%	1,338,630	1,297,215
Civil resp. - Transp. Inter. Trips	3,834	3,812	22	3,914	1,274	2,640	605	362	15.45%	13.71%	284	275
Collective Civil Resp.	1,783,513	1,783,432	10,229	1,730,622	26,893	1,703,731	1,103,707	1,097,536	63.78%	64.42%	329,606	319,409
LIFE/PERSONAL	12,252,943	12,250,777	359,808	6,134,800	102,834	6,031,907	3,549,345	3,589,698	57.86%	59.51%	1,262,872	1,223,801
Monthly payments	227,535	226,324	1,716	156,404	154	156,251	31,658	42,298	20.24%	27.07%	40,862	39,598
Educational insurance	13,972	13,712	302	13,329	119	13,210	7,704	8,781	57.80%	66.47%	3,170	3,072
Random events income (9)	188,182	184,727	23,527	177,444	950	176,493	71,753	72,277	40.44%	40.95%	38,857	37,655
Individual life	463,286	462,591	696	358,418	2,532	355,879	266,066	262,540	74.23%	73.77%	92,411	89,552
VGBL/VAGP/VRGP - Individual	7,041,906	7,041,239	742	1,045,017	369	1,044,648	829,144	829,262	79.34%	79.38%	57,903	56,111
Group life	4,152,810	4,165,876	320,117	4,228,315	97,827	4,130,436	2,270,653	2,301,213	53.70%	55.71%	1,009,529	978,296
VGBL/VAGP/VRGP - Group	1,165	1,165	0	334	0	334	108	108	32.47%	32.47%	97	94
VG/APC	164,088	155,144	12,707	155,539	883	154,656	72,259	73,220	46.46%	47.34%	20,043	19,423
AP/PERSONAL	935,003	940,325	62,151	956,518	18,526	937,969	262,137	259,454	27.41%	27.66%	197,339	191,234
PC.H.V.	2	739	0	736	727	8	4	(0)	0.56%	-0.78%	(37)	(35)
Tourism	7,699	7,699	0	7,605	243	7,362	2,677	2,637	35.20%	35.82%	1,774	1,718
Personal accident	246,768	258,255	2,675	299,468	8,450	290,999	85,011	74,248	28.39%	25.51%	73,454	71,182
Group accident	680,533	673,632	59,476	648,709	9,106	639,599	174,444	182,570	26.89%	28.54%	122,147	118,368
TOTAL PERSONAL	13,187,946	13,191,102	421,959	7,091,317	121,360	6,969,876	3,811,481	3,849,152	53.75%	55.23%	1,460,210	1,415,034
TOTAL PENSION (8)	7,319,223	7,319,223	0	7,319,223	0	7,319,223	4,810,793	4,810,793	65.86%	65.86%	1,820,820	1,820,820
TOTAL PERSONAL + PENSION	20,510,325	20,510,325	0	20,510,325	0	20,510,325	8,659,945	8,659,945	42.22%	42.22%	1,595,854	1,595,854
HEALTH	6,617,609	6,617,610	1	6,715,217	13,912	6,701,305	5,612,066	5,777,263	83.57%	86.21%	277,499	246,604
Individual health	2,451,661	2,451,661	1	2,433,410	3,469	2,429,941	2,081,183	2,146,794	85.53%	88.35%	28,631	25,443
Group health	4,165,949	4,165,949	0	4,281,806	10,443	4,271,364	3,530,883	3,630,468	82.46%	85.00%	248,868	221,160
OTHER BRANCHES	3,483,070	3,456,819	432,348	3,355,149	1,583,139	1,776,588	1,478,096	846,458	44.05%	47.65%	448,780	434,896
Traditional fire	667,855	640,052	205,385	1,042,694	510,117	535,958	780,231	349,712	74.83%	65.25%	163,795	158,727
Fire loss of tickets	15,310	14,952	0	14,328	2,441	11,887	1,599	1,436	11.16%	12.08%	4,748	4,601
Glass/Windows	(6)	(3)	0	23	0	23	41	30	175.20%	126.22%	6	6
Comprehensive residential	460,114	460,566	2,594	276,703	10,233	266,470	103,371	107,472	37.36%	40.33%	69,888	67,726
Theft	41,238	41,335	486	39,742	7,932	31,810	15,449	10,658	38.87%	33.50%	3,253	3,153
Comprehensive condominium	96,389	96,217	719	62,604	16,036	46,569	22,549	20,701	36.02%	44.45%	18,163	17,601
Riot	(14)	(14)	0	(12)	(1)	(11)	0	(0)	0.00%	0.23%	1	1
Comprehensive business	742,141	739,949	19,699	501,265	208,021	293,152	235,018	171,078	46.88%	58.36%	92,148	89,297
Profit loss	13,209	13,219	187	12,736	10,604	2,133	(327)	190	-2.57%	8.92%	285	276
Profit loss - Basic coverage	0	0	0	1	0	1	0	0	1.12%	1.12%	0	0
Fidelity	114	112	2	142	(0)	143	(7)	21	-4.60%	14.46%	22	22
Engineering risk	138,148	140,152	14,803	141,817	99,393	43,717	69,647	11,382	49.11%	26.04%	14,342	13,898
Diverse risk	518,099	519,819	13,903	516,218	81,312	434,892	181,165	168,690	35.09%	38.79%	63,075	61,124
Global bank	62,088	62,088	86	60,966	11,345	49,631	2,002	(1,133)	3.28%	-2.28%	2,986	2,896
Diverse risk - Mixed plan	1	1	0	7	0	7	(0)	(1)	-0.92%	-7.73%	0	0
Specified and operation risk	728,384	728,374	174,482	685,914	625,708	60,206	67,358	6,223	9.82%	10.34%	16,065	15,568
DPVAT: (compulsory third party auto insurance)	1,469,631	1,469,618	15	693,395	4,701	688,694	21,078	527,969	3.04%	76.66%	2,495	2,418
DPVAT - Group Categories 1, 2, 9 and 10	1,441,455	1,441,454	0	677,994	132	677,862	303	508,464	0.04%	75.01%	430	416
DPVAT - Categories 3 and 4	28,176	28,164	15	15,401	4,569	10,832	20,775	19,505	134.89%	180.07%	2,065	2,001
HABITATIONAL	771,071	771,126	823	342,611	46,309	296,268	116,710	111,391	34.06%	37.60%	(3,891)	(3,771)
Habitational - SFH	416,108	416,108	0	0	0	0	7,311	0	0.00%	0.00%	287	278
Habitational non SFH	354,964	355,019	823	342,611	46,309	296,268	109,400	111,391	31.93%	37.60%	(4,178)	(4,048)
TRANSPORT	1,174,987	1,176,636	86,451	1,180,558	136,051	1,044,484	549,931	528,287	46.58%	50.58%	213,582	206,974
Domestic transport	341,253	341,650	23,908	343,107	22,957	320,140	182,383	180,856	53.16%	56.49%	62,183	60,259
International transport	340,233	340,437	37,599	340,858	95,505	245,343	92,772	67,463	27.22%	27.50%	47,923	46,441
Civil resp. - Intermodal	8	8	0	8	0	8	99	100	1,252.73%	1,282.78%	1	1
Civil resp. - International Cargo	8,933	9,029	(32)	8,946	1,488	7,458	3,565	3,068	39.85%	41.14%	1,352	1,310
Civil resp. - Railroad Cargo	137	136	11	129	12	117	5	6	3.80%	4.88%	693	672
Civil resp. - Air Cargo	8,823	8,572	1,122	8,578	160	8,415	5,838	6,611	68.06%	78.55%	2,152	2,086
Civil resp. - Road Cargo	299,524	300,433	16,092	301,389	11,285	290,104	151,221	153,612	50.17%	52.95%	60,864	58,981
Civil resp. - Cargo Deviation	174,332	174,626	7,737	175,797	4,472	171,325	114,792	116,049	64.73%	67.74%	38,241	37,058
Civil resp. - Ship owner	1,743	1,745	14	1,746	172	1,573	252	518	14.45%	32.91%	173	168
Civil resp. - Multimodal transp.	1	1	0	1	0	1	4	4	541.11%	548.88%	0	0
FINANCIAL RISK	161,413	163,718	6,222	162,733	112,048	51,762	45,359	27,834	27.87%	53.77%	(10,051)	(9,740)
Financial guarantee	4,045	2,181	2,139	3,039	1,145	2,211	2,577	808	84.78%	36.57%	(270)	(261)
Private obligation guarantee	42,827	42,679	757	38,951	34,147	4,819	1,028	934	2.64%	4.37%	(4,239)	(4,239)
Public obligation guarantee	37,987	37,745	745	35,820	29,981	5,839	3,817	1,548	10.66%	26.50%	(3,242)	(3,142)
Rental guarantee	26,663	26,656	23	25,550	492	25,082	14,911	12,066	56.72%	48.11%	5,284	5,121
Public concession guarantee	22,468	22,349	1,047	22,204	22,036	167	0	20	0.00%	11.88%	(2,776)	(2,690)
Judicial guarantee	7,937	7,928	42	7,699	7,569	129	0	633	0.00%	489.34%	(1,417)	(1,374)
Guarantee	19,485	24,179	1,469	29,470	16,677	13,514	23,445	11,825	79.56%	87.50%	(3,256)	(3,155)
CREDIT	251,889	251,901	843	233,133	44,493	188,651	144,994	186,263	62.19%	98.73%	27,380	26,533
Export commercial risk credit	0	0	0	0	0	(0)	(4)	(39)			77	75
Internal risk	142,782	142,782	0	124,377	7,450	116,936	99,242	151,910				

1) Insurance Premium = premium issued - cancellation - restitution - discount (Total Pension funds contribution values were considered); 2) Gross Premium Received = Premium issued + co-insurance accepted - restitution - discounts - Premium variation not received; 3) Retained Premium Received = premium issued + co-insurance accepted - co-insurance conceded - Restitution - discount - re-insurance conceded + retrocession accepted - Premium variation not received; 4) Gross Sinister = insurance sinister + co-insurance sinister accepted - co-insurance conceded - salvage - reimbursements; 5) Retained Sinister = sinister insurance + sinister co-insurance accepted - sinister co-insurance conceded - sinister re-insurance conceded + sinister retrocession accepted - salvage and reimbursements (Total Pension fund benefit and cash-in values were considered); 6) Gross Sinister = gross sinister/gross premium received; 7) Gross Sinister % = retained sinister/premium received; 8) Information from insurance companies that operate open-end complementary pension funds; 9) Personal insurance pre-determined.

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SEGMENTS	Total Premium	Insurance Premium	Ceded Co-insurer	Gross Earned Premium	Ceded Re-insurer	Net Earned Premium	Gross Loss	Net Loss	Gross Loss Ratio	Net Loss Ratio	Gross Expenses	Net Expenses
AUTOMOBILE	8,198,106	8,202,439	57,177	7,998,800	55,271	7,943,650	5,663,906	5,640,667	70.81%	71.01%	1,546,069	1,548,494
Civil resp. - Road & Internacional	5,930	5,703	226	5,690	1,284	4,406	11,487	2,132	201.88%	48.40%	832	832
Automobiles	6,468,508	6,473,387	45,400	6,294,558	28,866	6,265,700	4,673,004	4,657,764	74.24%	74.34%	1,243,449	1,245,207
Civil resp. - Transp. Inter. Trips	7,665	7,657	8	7,556	2,359	5,197	1,266	80	16.75%	1.53%	726	714
Collective Civil resp.	1,716,003	1,715,692	11,542	1,690,996	22,762	1,668,349	978,149	980,691	57.84%	58.78%	301,062	301,741
LIFE/PERSONAL	7,241,018	7,290,540	332,372	4,661,913	86,451	4,575,420	2,601,533	2,445,089	55.80%	53.44%	1,142,227	1,102,452
Random events income (9)	131,649	127,871	7,108	126,541	2,868	123,673	62,703	62,647	49.55%	50.66%	17,095	20,318
Individual life	2,963,065	2,962,376	689	391,988	1,332	390,564	188,380	193,657	48.07%	49.58%	121,407	112,102
Group life	3,945,700	4,004,074	314,373	3,952,523	80,656	3,871,829	2,281,808	2,124,172	57.73%	54.86%	971,885	941,988
VG/APC	200,604	196,220	10,202	190,950	1,596	189,355	68,643	64,612	35.95%	34.12%	31,840	28,044
AP/PERSONAL	938,619	953,840	50,535	905,584	12,852	892,746	244,085	256,503	26.95%	28.73%	189,490	187,628
PC.H.V.	101	101	0	101	81	20	3	5	2.98%	23.74%	8	10
Tourism	9,784	9,784	0	9,638	98	9,541	3,310	3,415	34.35%	35.80%	1,695	1,585
Personal accident	517,512	532,366	6,360	536,236	7,493	528,756	140,423	139,258	26.19%	26.34%	110,070	110,080
Group accident	411,222	411,589	44,175	359,608	5,180	354,429	100,349	113,825	27.91%	32.12%	77,716	75,953
TOTAL PERSONAL	8,179,636	8,244,380	382,907	5,567,496	99,303	5,468,166	2,845,619	2,701,591	51.11%	49.41%	1,331,717	1,290,080
TOTAL PENSION (8)	6,735,440	6,735,440						3,839,521				100,786
TOTAL PERSONAL + PENSION	14,915,076	14,979,820						6,541,112				1,390,866
HEALTH	6,326,589	6,326,594	24	6,315,000	56,644	6,258,356	5,374,129	5,136,611	85.10%	82.08%	257,205	233,521
Health	6,067,689	6,067,689	0	6,003,548	0	6,003,548	5,159,178	4,930,553	85.94%	82.13%	0	0
Individual health	117,236	117,236	19	127,009	9,866	117,144	93,876	91,859	73.91%	78.42%	30,593	32,345
Group health	141,663	141,669	4	184,443	46,779	137,664	121,074	114,199	65.64%	82.95%	226,611	201,176
OTHER BRANCHES	2,744,421	2,776,033	291,578	2,696,012	1,252,019	1,444,974	1,587,819	789,311	58.90%	54.62%	369,101	365,504
Traditional fire	1,955,031	1,986,588	242,287	1,928,551	971,928	956,612	1,204,131	538,642	62.44%	56.31%	259,034	256,922
Fire tickets	28,052	28,051	0	24,293	4,301	19,992	3,129	3,155	12.88%	15.78%	7,910	8,219
Glass/windows	57	57	0	63	0	63	40	78	64.02%	123.87%	2	4
Theft	27,609	27,721	454	25,903	10,968	14,934	17,843	8,573	68.88%	57.41%	3,045	2,916
Riot	24	24	0	23	11	12	19	19	85.31%	162.24%	0	2
Profit loss	6,384	6,342	193	6,073	4,616	1,454	2,066	(995)	34.02%	-68.42%	583	365
Profit loss - Basic coverage	90	90	3	129	2	127	29	32	22.85%	24.89%	31	32
Fidelity	840	849	(3)	904	443	461	75	(165)	8.30%	-35.91%	52	58
Engineering risk	208,988	206,323	28,281	202,371	158,601	44,868	117,253	23,736	57.94%	52.90%	10,683	11,209
Diverse risk	456,087	458,730	20,163	446,841	84,744	361,972	229,393	219,827	51.34%	60.73%	87,566	85,552
Global banck	61,245	61,245	198	60,856	16,404	44,475	13,840	(3,591)	22.74%	-8.07%	194	225
Diverse risk - Mixed plan	14	12	1	6	0	6	0	1	0.00%	8.81%	0	0
DPVAT: (compulsory third party auto insurance)	1,418,165	1,418,149	195	670,341	3,687	666,652	505,174	505,174	75.36%	75.78%	13,987	14,002
DPVAT - Group Categories 1, 2, 9 and 10	1,365,234	1,365,234	0	642,512	161	642,348	483,757	483,760	75.29%	75.31%	878	1,070
DPVAT - Categories 3 and 4	52,931	52,915	195	27,830	3,526	24,304	21,417	21,413	76.96%	88.11%	13,109	12,932
HABITATIONAL	776,607	776,634	5,075	309,077	44,095	264,981	473,180	90,486	153.09%	34.15%	(248)	(1,091)
Habitational - SFH	443,258	441,413	1,894	22	0	22	372,821	13	60.02%	1.372	1,009	
Habitational non SFH	333,348	335,221	3,181	309,055	44,095	264,959	100,359	90,472	32.47%	34.15%	(1,619)	(2,100)
TRANSPORT	1,048,721	1,071,081	76,777	1,062,381	129,792	932,541	531,468	481,457	50.03%	51.63%	193,683	188,647
Domestic transport	291,693	298,760	24,151	294,429	22,410	272,047	173,274	170,722	58.85%	62.75%	58,006	55,474
International transport	327,275	339,215	35,011	337,004	93,095	243,834	111,996	61,372	33.23%	25.17%	46,708	44,268
Civil resp. - Air Cargo	3,429	3,133	234	3,135	78	3,056	1,479	1,114	47.19%	36.44%	822	822
Civil resp. - Road Cargo	266,765	268,648	12,592	268,028	10,653	257,375	143,716	146,429	53.62%	56.89%	53,682	53,578
Civil resp. - Cargo Deviation	159,297	161,076	4,752	159,538	3,526	156,012	100,832	101,820	63.20%	65.26%	34,423	34,462
Civil resp. - Ship owner	261	248	38	247	30	217	170	2	68.89%	0.84%	43	43
Civil resp. - Multimodal transp.	0	0	0	0	0	0	0	0	0	0	0	
FINANCIAL RISK	192,260	189,677	8,715	182,267	135,472	48,560	50,853	18,514	27.90%	38.13%	(8,365)	(10,160)
Rental guarantee	27,709	27,688	26	24,178	787	23,416	11,340	12,318	46.90%	52.61%	4,701	4,685
Guarantee	164,551	161,988	8,689	158,089	134,685	25,144	39,513	6,196	24.99%	24.64%	(13,065)	(14,845)
CREDIT	190,899	191,218	0	174,400	27,664	146,992	114,503	125,213	65.66%	85.18%	23,113	23,081
Internal credit	177,027	177,346	0	161,940	16,064	146,130	107,900	124,293	66.63%	85.06%	25,686	25,750
Export credit	13,872	13,872	0	12,460	11,599	862	6,603	920	52.99%	106.76%	(2,573)	(2,670)
RESPONSIBILITIES	280,456	281,777	18,502	272,081	174,164	98,544	87,863	70,197	32.29%	71.23%	8,591	7,150
General civil responsibility	280,456	281,777	18,502	272,081	174,164	98,544	87,863	70,197	32.29%	71.23%	8,591	7,150
HULL COVERAGE	381,287	440,684	70,811	435,376	362,783	72,215	295,458	65,663	67.86%	90.93%	12,533	12,811
Maritime	92,289	92,512	2,525	89,463	54,386	34,884	64,716	37,601	72.34%	107.79%	8,995	9,161
Aircraft	287,085	346,259	68,286	343,881	308,253	35,629	249,208	27,499	72.47%	77.18%	0	2,931
Hangar - civil resp.	5	5	0	5	0	5	0	0	0.00%	0.00%	0	0
D. P. E. M.	1,908	1,908	0	1,841	145	1,697	461	559	25.03%	32.95%	716	719
Air travel tickets	0	0	0	185	0	0	(18,926)	4			2,821	0
RURAL	105,453	105,441	7	100,302	60,558	39,745	96,716	26,596	96.42%	66.92%	(4,774)	(4,657)
Animal husbandry	0	0	0	0	0	0	0	0	0	0	0	0
Water based breeding	0	0	0	0	0	0	0	0	0	0	0	0
Farm installations & products	2,411	2,411	0	1,399	906	493	1,286	1,059	91.90%	214.76%	82	88
Agricultural plantations	48,445	48,449	0	49,083	43,731	5,352	78,291	12,170	159.51%	227.41%	(4,012)	(3,979)
Priv. Fin. Inst. rural lien	12,694	12,682	4	11,853	4,050	7,803	7,358	5,481	62.08%	70.24%	943	992
Pub. Fin. Inst. rural lien	38,727	38,727	(0)	34,961	9,954	25,007	7,487	7,012	21.42%	28.04%	(1,728)	(1,715)
Livestock	2,476	2,473	3	2,395	1,357	1,038	2,139	816	89.30%	78.60%	17	17
Forestry	698	698	0	612	560	53	155	58	25.42%	108.28%	(76)	(60)
SPECIAL DISK	134,157	123,445	52,193	123,507	118,937	1,787	8,323	1,650	6.74%	92.32%	811	933
Petroleum related risk	125,391	114,679	52,193	114,74								

1) Insurance Premium = premium issued - cancellation - restitution - discount (Total Pension funds contribution values were considered); 2) Gross Premium Received = Premium issued + co-insurance accepted - restitution - discounts - Premium variation not received; 3) Retained Premium Received = premium issued + co-insurance accepted - co-insurance conceded - Restitution - discount - re-insurance conceded + retrocession accepted - Premium variation not received; 4) Gross Sinister = insurance sinister + co-insurance sinister accepted - co-insurance conceded - salvage - reimbursements; 5) Retained Sinister = sinister insurance + sinister co-insurance accepted - sinister co-insurance conceded - sinister re-insurance conceded + sinister retrocession accepted - salvage and reimbursements (Total Pension fund benefit and cash-in values were considered); 6) Gross Sinister = gross sinister/gross premium received; 7) Gross Sinister % = retained sinister/premium received; 8) Information from insurance companies that operat open-end complementary pension funds; 9) Personal insurance pre-determined.

SEGMENTS	Total Premium	Insurance Premium	Ceded Co-insurer	Gross Earned Premium	Ceded Re-insurer	Net Earned Premium	Gross Loss	Net Loss	Gross Loss Ratio	Net Loss Ratio	Shown in R\$ 1000	
											Gross Expenses	Net Expenses
AUTOMOBILE	7,931,616	7,945,472	83,949	7,721,250	25,180	7,696,479	5,303,431	5,309,026	68.69%	68.98%	1,558,056	1,498,844
Civil resp. - Road & International	3,308	3,466	134	3,554	905	2,649	884	893	24.87%	33.70%	417	406
Automobiles	6,222,546	6,236,079	66,376	6,046,679	8,103	6,038,786	4,406,720	4,420,121	72.88%	73.20%	1,259,129	1,209,852
Civil resp. - Transp. Inter. Trips	7,003	6,836	167	6,516	1,914	4,602	3,918	2,930	60.13%	63.66%	590	548
Collective Civil Resp.	1,698,760	1,699,091	17,272	1,664,501	14,258	1,650,441	891,910	885,082	53.58%	53.63%	297,920	288,037
LIFE/PERSONAL	4,329,987	4,384,840	353,282	4,262,567	75,915	4,187,239	2,018,519	2,059,506	47.35%	49.19%	1,075,757	1,061,553
Random events income (9)	101,822	99,882	3,007	100,293	2,679	97,614	50,341	51,847	50.19%	53.11%	14,448	14,402
Individual life	392,699	391,864	933	3,777,378	856	198,787	1,827,596	69,268	48.38%	34.85%	966,465	64,637
Group life	3,644,757	3,707,755	331,280	199,615	69,968	3,707,964	69,477	1,864,711	34.81%	50.29%	65,660	955,152
VG/APC	190,710	185,339	18,062	185,281	2,412	182,874	71,104	73,680	38.38%	40.29%	29,184	27,363
AP/PERSONAL	808,185	827,298	67,103	813,095	12,804	800,680	198,358	202,493	24.40%	25.29%	178,710	173,437
PC.H.V.	82	82	0	82	41	41	43	47	52.94%	114.64%	3	3
Tourism	9,782	9,785	4	9,782	195	9,587	3,857	3,797	39.43%	39.60%	993	1,061
Personal accident	542,942	549,110	38,079	536,604	8,738	528,230	124,700	125,098	23.24%	23.68%	113,214	107,829
Group accident	255,379	268,321	29,019	266,627	3,831	262,822	69,758	73,552	26.16%	27.99%	64,499	64,544
TOTAL PERSONAL	5,138,172	5,212,138	420,384	5,075,662	88,719	4,987,919	2,216,877	2,261,999	43.68%	45.35%	1,254,467	1,234,991
TOTAL PENSION (8)		6,321,586						2,939,754				94,620
TOTAL PERSONAL + PENSION		11,533,724						5,201,753				1,329,611
HEALTH	6,052,658	6,063,217	27,458	6,044,804	20,208	6,024,595	4,963,318	5,011,928	82.11%	83.19%	242,042	233,989
Health ANS	1,053,418	1,053,418	0	0	0	1,020,312	0	848,269	0	83.14%	0	88,844
Health	0	0	0	0	0	0	0	0	0	0	0	0
Individual health	2,102,451	2,102,331	3,674	2,447,483	688	2,097,571	1,904,042	1,675,057	77.80%	79.86%	47,846	40,404
Group health	2,896,789	2,907,468	23,785	3,597,321	19,521	2,906,712	3,059,276	2,488,602	85.04%	85.62%	194,196	144,741
OTHER BRANCHES	2,111,331	2,105,571	235,726	1,680,637	837,707	1,247,130	1,046,458	749,566	62.27%	60.10%	350,885	337,922
Traditional fire	1,461,983	1,451,959	191,278	1,430,326	619,545	812,125	972,235	507,648	67.97%	62.51%	246,492	234,518
Fire tickets	22,564	22,563	0	18,748	3,688	15,059	2,501	2,548	13.34%	16.92%	6,290	6,275
Glass/Windows	46	46	0	54	0	55	11	16	20.28%	29.00%	11	11
Theft	21,707	21,832	462	21,894	7,649	14,252	13,797	9,055	63.02%	63.53%	2,661	2,615
Riot	24	24	0	74	8	66	3	23	4.47%	34.39%	23	23
Profit loss	4,586	4,484	344	5,041	3,526	1,537	(25)	(385)	-0.49%	-25.06%	578	558
Profit loss - Basic coverage	222	220	3	179	16	162	39	43	22.11%	26.37%	51	51
Fidelity	1,069	1,060	16	1,003	647	356	(147)	(888)	-14.70%	-249.65%	56	53
Engineering risk	156,486	160,012	15,071	157,987	119,849	42,177	47,938	18,699	30.34%	44.33%	6,629	6,363
Diverse risk	402,060	402,742	28,428	0	64,005	334,071	0	210,411	0	62.98%	87,507	86,958
Global bank	40,586	40,630	125	45,332	18,774	27,268	10,105	2,259	22.29%	8.28%	589	497
Diverse risk - Mixed plan	(0)	0	(0)	0	0	0	0	138	0	0	(1)	(1)
DPVAT: (compulsory third party auto insurance)	1,280,605	1,280,997	1,345	625,900	25,497	600,404	472,913	472,913	75.56%	78.77%	8,590	7,277
DPVAT - Group Categories 1, 2, 9 and 10	1,249,612	1,250,045	594	607,315	20,852	586,464	459,019	457,955	75.58%	78.09%	2	5
DPVAT - Categories 3 and 4	30,993	30,953	752	18,585	4,645	13,940	13,894	14,958	74.76%	107.30%	8,588	7,271
HABITATIONAL	791,856	797,715	158,419	298,923	50,330	248,619	423,229	72,350	141.58%	29.10%	(540)	(4,204)
Habitational - SFH	501,385	507,258	143,113	875	957	(82)	347,185	(661)	808.83%	29.36%	593	(1,065)
Habitational non SFH	290,471	290,457	15,306	298,048	49,374	248,701	76,044	73,010	25.51%	29.36%	(1,132)	(3,139)
TRANSPORT	954,805	980,295	84,946	1,021,441	103,949	918,402	506,312	504,876	49.57%	54.97%	169,611	165,426
Domestic transport	261,629	268,410	26,343	282,107	15,470	266,635	165,938	169,420	58.82%	63.54%	52,406	51,038
International transport	300,037	312,124	39,909	323,241	78,705	245,447	108,594	94,501	33.60%	38.50%	41,794	40,833
Civil resp. - Air Cargo	2,604	3,415	148	3,613	108	3,506	2,020	2,896	55.92%	82.62%	1,060	999
Civil resp. - Road Cargo	247,149	252,109	13,767	261,495	6,258	255,236	119,191	123,401	45.58%	48.35%	46,570	45,316
Civil resp. - Cargo Deviation	143,026	143,904	4,731	150,617	3,406	147,211	110,612	114,738	73.44%	77.94%	27,744	27,201
Civil resp. - Ship owner	360	334	48	368	1	367	(44)	(80)	-11.99%	-21.70%	39	38
Civil resp. - Multimodal transp.	0	0	0	0	0	0	0	0	0	0	0	0
FINANCIAL RISK	122,725	122,670	3,261	120,229	80,185	41,324	39,613	36,636	32.95%	88.66%	(2,691)	(918)
Rental guarantee	24,086	24,029	75	22,024	738	21,350	8,870	9,289	40.27%	43.51%	4,478	4,590
Guarantee	98,639	98,642	3,186	98,205	79,447	19,975	30,743	27,348	31.31%	136.91%	(7,169)	(5,508)
CREDIT	156,074	155,036	3,083	141,103	20,843	120,623	83,760	82,654	59.36%	68.52%	21,592	21,816
Internal risk	146,632	145,593	3,083	132,006	12,980	119,390	76,529	79,819	57.97%	66.86%	23,497	23,719
Export risk	9,443	9,443	0	9,097	7,863	1,233	7,232	2,835	79.49%	229.92%	(1,905)	(1,903)
RESPONSIBILITIES	192,051	193,147	8,991	192,326	106,524	88,188	96,646	75,206	50.25%	85.28%	10,016	9,474
General civil responsibility	192,051	193,147	8,991	192,326	106,524	88,188	96,646	75,206	50.25%	85.28%	10,016	9,474
HULL COVERAGE	315,824	274,887	71,666	274,886	215,954	46,931	145,085	65,639	52.78%	139.86%	8,334	7,862
Maritime	71,437	71,656	5,023	70,291	36,747	34,278	46,919	39,173	66.75%	114.28%	8,175	8,099
Aircraft	242,911	201,751	66,642	0	179,063	11,349	3	25,928	0	228.46%	0	(792)
Hangar - civil resp.	0	0	0	0	0	0	0	0	0	0	0	0
D. P. E. M.	1,475	1,481	0	1,449	145	1,304	543	535	37.50%	41.02%	566	555
Air travel tickets	0	0	0	203,146	0	0	97,620	3	48.05%	0	(408)	0
RURAL	81,568	81,137	2,368	82,302	39,633	42,670	38,006	21,531	46.18%	50.46%	(4,033)	(4,018)
Animal husbandry	0	0	0	0	0	0	0	0	0	0	0	0
Water based breeding	0	0	0	0	0	0	0	0	0	0	0	0
Farm installations & products	0	0	0	0	0	0	0	0	0	0	0	0
Agricultural plantations	34,706	34,219	2,063	39,144	26,137	13,006	20,469	8,948	52.29%	68.80%	(3,548)	(3,552)
Priv. Fin. Inst. rural lien	12,791	12,837	252	11,715	4,321	7,394	6,336	5,015	54.08%	67.82%	667	644
Pub. Fin. Inst. rural lien	31,063	31,062	3	28,531	7,244	21,287	9,700	6,866	34.00%	32.25%	(962)	(975)
Livestock	2,496	2,507	50	2,310	1,458	853	1,389	594	60.15%	69.59%	(47)	(45)
Forestry	513	513	0	602	471	130	112	109	18.56%	83.74%	(143)	(90)
SPECIAL DISK	135,399	128,700	62,595	129,835	122,922	7,693	1,177,457	9,118	906.88%	118.51%	(210)	(162

1) Insurance Premium = premium issued - cancellation - restitution - discount (Total Pension funds contribution values were considered); 2) Gross Premium Received = Premium issued + co-insurance accepted - restitution - discounts - Premium variation not received; 3) Retained Premium Received = premium issued + co-insurance accepted - co-insurance conceded - Restitution - discount - re-insurance conceded + retrocession accepted - Premium variation not received; 4) Gross Sinister = insurance sinister + co-insurance sinister accepted - co-insurance conceded - salvage - reimbursements; 5) Retained Sinister = sinister insurance + sinister co-insurance accepted - sinister co-insurance conceded - sinister re-insurance conceded + sinister retrocession accepted - salvage and reimbursements (Total Pension fund benefit and cash-in values were considered); 6) Gross Sinister = gross sinister/gross premium received; 7) Gross Sinister % = retained sinister/premium received; 8) Information from insurance companies that operate open-end complementary pension funds; 9) Personal insurance pre-determined.

PORTFOLIO MIX - 2002



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Shown in R\$ 1000

SEGMENTS	Total Premium	Insurance Premium	Ceded Co-insurer	Gross Earned Premium	Ceded Re-insurer	Net Earned Premium	Gross Loss	Net Loss	Gross Loss Ratio	Net Loss Ratio	Shown in R\$ 1000	
											Gross Expenses	Net Expenses
AUTOMOBILE	7,243,910	7,293,101	175,721	6,869,591	29,651	6,840,529	4,980,468	4,971,098	72.50%	72.67%	1,400,176	1,350,407
Civil resp. - Road & International	2,684	2,876	42	2,806	435	2,371	298	344	10.63%	14.53%	439	453
Automobiles	5,649,521	5,694,725	138,027	5,309,472	8,653	5,301,078	4,083,405	4,071,193	76.91%	76.80%	1,112,876	1,071,912
Civil resp. - Transp. Inter. Trips	3,084	2,834	250	2,701	609	2,067	762	1,592	28.21%	77.03%	278	293
Collective Civil resp.	1,588,620	1,592,666	37,403	1,554,612	19,954	1,535,013	896,003	897,969	57.64%	58.50%	286,583	277,750
LIFE/PERSONAL	3,991,299	4,005,868	384,070	3,786,946	68,560	3,720,082	1,862,566	1,855,038	49.18%	49.87%	996,874	984,297
Random events income (9)	88,402	87,853	1,380	87,257	61	87,195	35,376	35,231	40.54%	40.40%	17,464	16,424
Individual life	299,443	299,175	863	145,776	287	147,126	22,003	21,089	15.09%	14.33%	60,743	57,738
Group life	3,406,709	3,434,023	352,237	3,372,042	65,774	3,306,270	1,732,027	1,721,711	51.36%	52.07%	880,783	872,711
VG/APC	196,746	184,818	29,589	181,872	2,438	179,491	73,160	77,008	40.23%	42.90%	37,883	37,423
AP/PERSONAL	705,537	700,261	70,336	695,258	11,315	683,957	158,506	162,542	22.80%	23.76%	146,802	143,605
P.C.H.V.	0	0	0	0	0	0	0	(3)			0	0
Tourism	8,101	8,100	16	8,099	137	7,974	2,146	1,857	26.49%	23.29%	665	751
Personal accident	542,877	541,325	51,356	543,687	9,316	534,370	121,688	123,463	22.38%	23.10%	108,968	107,858
Group accident	154,558	150,836	18,964	143,472	1,862	141,613	34,673	37,225	24.17%	26.29%	37,168	34,996
TOTAL PERSONAL	4,696,836	4,706,129	454,405	4,482,204	79,875	4,404,040	2,021,072	2,017,580	45.09%	45.81%	1,143,676	1,127,902
TOTAL PENSION (8)		4,381,062						1,934,745				1,249,974
TOTAL PERSONAL + PENSION		9,087,191						3,952,325				1,252,876
HEALTH	5,694,892	5,694,418	33,646	5,578,234	149,730	5,428,507	4,531,759	4,359,341	81.24%	80.30%	261,490	272,981
Health	9,967	9,967	0	9,829	0	9,829	7,917	7,812	80.54%	79.48%	581	679
Individual health	2,558,825	2,558,983	5,573	2,549,813	98,433	2,451,380	1,950,113	1,859,475	76.48%	75.85%	100,499	102,595
Group health	3,126,099	3,125,468	28,073	3,018,592	51,297	2,967,297	2,573,729	2,492,054	85.26%	83.98%	160,410	169,708
OTHER BRANCHES	1,701,021	1,712,137	173,377	1,709,167	576,626	1,189,685	1,168,327	770,411	68.36%	64.76%	332,322	324,817
Traditional fire	1,173,729	1,179,058	135,363	1,52,807	401,780	791,837	837,304	502,218	72.63%	63.42%	234,415	230,008
Fire tickets	7,697	7,695	3	5,158	2,539	2,655	733	855	14.20%	32.20%	1,393	1,339
Glass/windows	63	63	0	88	3	85	14	9	15.48%	10.40%	26	25
Theft	17,857	17,750	335	17,823	6,762	13,579	16,071	8,341	90.17%	61.43%	2,424	2,326
Riot	140	140	112	101	30	87	(2)	48	-1.56%	55.59%	204	203
Profit loss	3,809	3,867	477	4,774	2,192	2,584	3,084	218	64.59%	8.44%	778	760
Profit loss - Basic coverage	150	146	4	(896)	51	68	0	(0)	0.00%	-0.05%	39	37
Fidelity	775	788	20	(3,47)	502	421	291	1,342	-9.26%	318.51%	54	55
Engineering risk	126,044	126,034	12,354	142,046	96,282	45,764	53,714	29,982	37.81%	65.51%	10,018	9,802
Diverse risk	348,342	353,978	24,476	365,012	54,240	319,448	233,435	206,272	63.95%	64.57%	82,404	79,701
Global bank	22,413	22,617	234	25,403	12,246	13,157	23,680	21,124	93.22%	160.55%	567	561
Diverse risk - Mixed plan	0	0	0	0	0	0	2	2			0	0
DPVAT: (compulsory third party auto insurance)	1,206,050	1,209,796	(3,726)	1,212,671	648,710	565,655	330,524	437,076	27.26%	77.27%	7,606	7,025
DPVAT - Group Categories 1, 2, 9 and 10	1,174,008	1,177,754	(3,726)	1,176,129	629,646	548,120	315,013	426,021	26.78%	77.72%	627	360
DPVAT - Categorias 3 and 4	32,042	32,042	1	36,542	19,064	17,534	15,511	11,055	42.45%	63.05%	6,979	6,665
HABITATIONAL	898,366	893,294	213,212	883,052	698,870	198,148	465,170	77,950	52.68%	39.34%	(7,719)	(7,377)
Habitational - SFH	672,157	674,570	198,727	664,594	659,024	15,172	384,150	7,102	57.80%	46.81%	(1,446)	(1,534)
Habitational non SFH	226,210	218,724	14,485	218,459	39,846	182,976	81,020	70,847	37.09%	38.72%	(6,273)	(5,844)
TRANSPORT	819,011	834,971	62,939	830,081	71,220	784,667	482,270	454,459	58.10%	57.92%	153,018	148,064
Domestic transport	232,176	237,242	20,469	234,326	8,295	232,426	162,304	156,098	69.26%	67.16%	44,613	43,441
International transport	235,402	244,446	28,240	243,218	55,668	206,956	81,752	69,521	33.61%	33.59%	39,043	38,417
Civil resp. - Air Cargo	2,055	2,396	4	2,260	47	2,213	922	902	40.77%	40.77%	787	724
Civil resp. - Road Cargo	219,848	220,426	10,996	219,919	4,295	215,624	105,484	99,090	47.96%	45.95%	41,887	39,988
Civil resp. - Cargo Deviation	128,982	129,954	3,154	129,883	2,888	126,993	131,788	128,787	101.47%	101.41%	26,637	25,452
Civil resp. - Ship owner	548	507	76	475	26	455	20	61	4.30%	13.45%	51	43
FINANCIAL RISK	95,893	97,824	5,174	85,699	62,537	43,338	14,659	17,343	17.11%	40.02%	1,876	2,691
Rental guarantee	17,947	17,904	91	(1,356)	1,502	17,297	10,141	13,144	-747.95%	75.99%	3,869	3,758
Guarantee	77,946	79,919	5,083	87,055	61,034	26,041	4,518	4,199	5.19%	16.13%	(1,993)	(1,068)
CREDIT	129,988	129,968	2,408	124,338	16,334	108,360	41,686	36,056	33.53%	33.27%	23,132	21,920
Internal credit	123,418	123,399	2,408	118,263	10,554	107,709	33,497	33,805	28.32%	31.99%	24,439	23,225
Export credit	6,569	6,569	0	6,075	5,780	651	8,189	2,251	134.79%	345.86%	(1,307)	(1,305)
RESPONSIBILITIES	153,594	154,002	7,726	170,376	79,816	90,560	66,288	55,354	38.91%	61.12%	13,885	13,458
General civil responsibility	153,594	154,002	7,726	170,376	79,816	90,560	66,288	55,354	38.91%	61.12%	13,885	13,458
HULL COVERAGE	151,035	157,291	19,874	159,936	100,679	60,168	172,956	60,818	108.14%	101.08%	9,668	9,315
Maritime	48,696	49,453	3,057	51,005	22,308	28,697	39,891	31,775	78.21%	110.73%	7,476	7,161
Aircraft	100,714	106,208	16,817	0	78,229	29,724	0	28,037		94.33%	0	1,257
Hangar - civil resp.	0	0	0	(91)	0	0	0	0	0.00%		0	0
D. P.E. M.	1,625	1,631	0	1,929	143	1,748	748	1,016	38.77%	58.13%	947	898
Air travel tickets	0	0	0	107,093	0	0	132,317	(10)	123.55%		1,245	0
RURAL	78,163	79,946	6,980	53,835	32,112	41,900	181,363	32,875	336.89%	78.46%	(2,601)	(2,762)
Agriculture	43,036	44,899	6,247	42,340	21,433	21,036	171,339	24,590	404.68%	116.90%	(1,909)	(1,987)
Priv. Fin. Inst. rural lien	9,403	9,293	677	8,113	2,974	5,164	3,647	2,905	44.96%	56.24%	570	529
Pub. Fin. Inst. rural lien	23,593	23,593	10	1,062	6,344	14,724	5,082	3,802	478.41%	25.82%	(1,337)	(1,373)
Livestock	1,534	1,565	46	1,536	938	603	1,026	1,331	66.83%	220.73%	55	53
Forestry	596	596	0	785	424	373	268	247	34.10%	66.11%	20	17
SPECIAL DISK	28,454	28,457	7,087	31,589	25,310	7,061	4,104	4,586	12.99%	64.96%	(67)	(86)
Petroleum related risk	25,237	25,240	7,087	29,153	21,999	7,153	4,104	4,579	14.08%	64.01%	(43)	(64)
Nuclear related risk	3,217	3,217	0	3,218	3,311	(93)	0	7	0.00%	-7.89%	(23)	(23)
Satellite	0	0	0	(781)	0	0	0	0	0.00%		0	0
OTHER	1,598	1,598	0	1,598	0	1,598	5,319					

PORTFOLIO MIX - 1999

1) Insurance Premium = premium issued - cancellation - restitution - discount (Total Pension funds contribution values were considered); 2) Gross Premium Received = Premium issued + co-insurance accepted - restitution - discounts - Premium variation not received; 3) Retained Premium Received = premium issued + co-insurance accepted - co-insurance conceded - Restitution - discount - re-insurance conceded + retrocession accepted - Premium variation not received; 4) Gross Sinister = insurance sinister + co-insurance sinister accepted - co-insurance conceded - salvage - reimbursements; 5) Retained Sinister = sinister insurance + sinister co-insurance accepted - sinister co-insurance conceded - sinister re-insurance conceded + sinister retrocession accepted - salvage and reimbursements (Total Pension fund benefit and cash-in values were considered); 6) Gross Sinister = gross sinister/gross premium received; 7) Gross Sinister % = retained sinister/premium received; 8) Information from insurance companies that operate open-end complementary pension funds; 9) Personal insurance pre-determined.

Shown in R\$ 1000

SEGMENTS	Total Premium	Insurance Premium	Ceded Co-insurer	Gross Earned Premium	Ceded Re-insurer	Net Earned Premium	Gross Loss	Net Loss	Gross Loss Ratio	Net Loss Ratio	Shown in R\$ 1000	
											Gross Expenses	Net Expenses
AUTOMOBILE	6,296,174	6,296,512	57,177	6,397,135	55,271	6,341,985	4,728,970	4,826,747	73.92%	76.11%	1,241,424	1,273,913
Civil resp. - Road & International	1,643	1,595	226	2,375	1,284	1,091	1,076	504	45.31%	46.17%	208	197
Automobiles	4,781,945	4,794,154	45,400	4,874,853	28,866	4,845,995	3,820,952	3,918,587	78.38%	80.86%	964,900	991,482
Civil resp. - Transp. Inter. Trips	1,395	1,381	8	3,391	2,359	1,032	823	779	24.26%	75.54%	152	146
Collective Civil Resp.	1,511,191	1,499,382	11,542	1,516,515	22,762	1,493,867	906,119	906,876	59.75%	60.71%	276,163	282,089
LIFE/PERSONAL	3,575,089	3,552,425	332,372	3,448,324	86,662	3,361,622	1,783,882	1,740,376	51.73%	51.77%	922,255	938,995
Random events income (9)	46,633	45,195	7,108	46,972	2,868	44,105	31,988	33,868	68.10%	76.79%	12,344	12,231
Individual life	203,320	203,938	689	100,102	1,332	98,768	9,641	10,026	9.63%	10.15%	45,130	45,055
Group life	3,119,037	3,105,703	314,373	3,102,716	80,867	3,021,811	1,670,267	1,624,742	53.83%	53.77%	809,135	826,227
VG/APC	206,099	197,588	10,202	198,534	1,596	196,939	71,986	71,740	36.26%	36.43%	55,647	55,482
AP/PERSONAL	634,795	615,873	50,535	590,383	12,852	577,544	157,106	139,164	26.61%	24.10%	123,428	127,133
PC.H.V.	0	0	0	81	81	(0)	8	20	9.59%	-85.456.52%	0	0
Tourism	6,775	6,772	0	6,872	98	6,774	3,613	3,722	52.57%	54.94%	800	760
Personal accident	559,016	543,438	6,360	520,497	7,493	513,017	143,102	123,572	27.49%	24.09%	105,903	110,448
Group accident	69,005	65,663	44,175	62,932	5,180	57,752	10,382	11,851	16.50%	20.52%	16,725	15,925
TOTAL PERSONAL	4,209,884	4,168,298	382,907	4,038,707	99,514	3,939,166	1,940,988	1,879,540	48.06%	47.71%	1,045,682	1,066,129
TOTAL PENSION (8)		3,061,473						1,345,247				2,684
TOTAL PERSONAL + PENSION		7,229,771						3,224,787				1,068,813
HEALTH	4,915,276	4,923,668	(6)	4,709,195	4,399	4,704,796	3,806,929	3,717,524	80.84%	79.02%	308,804	312,419
Health	0	0	0	0	0	0	0	0	0	0	4	3
Individual health	2,372,576	2,373,278	0	2,248,693	0	2,248,693	1,693,178	1,655,141	75.30%	73.60%	136,747	142,954
Group health	2,542,701	2,550,390	(6)	2,460,501	4,399	2,456,102	2,113,751	2,062,383	85.91%	83.97%	172,053	169,462
OTHER BRANCHES	1,523,705	1,530,938	291,578	2,399,097	1,252,019	1,148,060	1,051,522	767,001	43.83%	66.81%	319,785	324,548
Tradicional fire	1,038,537	1,036,196	242,287	1,667,701	971,928	695,762	710,028	490,666	42.58%	70.52%	203,000	206,417
Fire tickets	1,432	1,421	0	5,461	4,301	1,160	522	573	9.56%	49.39%	645	639
Glass/Windows	106	106	0	127	0	126	8	(16)	5.98%	-12.97%	36	37
Theft	15,870	15,934	454	24,340	10,968	13,372	8,235	7,096	33.83%	53.06%	2,122	2,145
Riot	62	65	0	73	11	62	19	28	26.30%	44.94%	20	20
Profit loss	3,466	3,746	193	7,171	4,616	2,552	(535)	1,174	-7.46%	46.01%	721	720
Profit loss - Basic coverage	99	99	3	33	2	31	0	6	0.16%	19.43%	32	31
Fidelity	1,023	1,027	(3)	1,293	443	850	1,188	932	91.87%	109.65%	115	123
Engineering risk	80,685	83,928	28,281	203,663	158,601	46,160	74,538	22,426	36.60%	48.58%	7,177	7,468
Diverse risk	367,673	373,813	20,163	461,675	84,744	376,806	241,173	231,250	52.24%	61.37%	105,432	106,424
Global bank	14,750	14,602	198	27,560	16,404	11,178	16,332	12,860	59.26%	115.05%	485	523
Diverse risk - Mixed plan	0	0	1	0	0	0	14	6			0	0
DPVAT: (compulsory third party auto insurance)	1,062,062	1,047,978	195	313,405	3,687	567,430	165,187	413,661	52.71%	72.90%	10,691	11,386
DPVAT - Group Categories 1, 2, 9 and 10	678,889	656,167	0	291,846	161	291,682	155,729	233,011	53.36%	79.89%	937	920
DPVAT - Categories 3 and 4	28,855	28,855	195	21,559	3,526	18,033	9,458	10,939	43.87%	60.66%	4,349	4,350
DPVAT Extinct	354,318	362,957	0	0	0	257,714	0	169,711		65.85%	5,405	6,117
HABITATIONAL	1,040,022	1,009,619	5,075	230,543	44,095	186,447	645,429	81,920	279.96%	43.94%	(12,524)	(11,419)
Habitational - SFH	842,890	815,986	1,894	46,802	0	46,802	586,384	33,162	1252.90%	70.86%	(5,839)	(5,024)
Habitational non SFH	197,132	193,634	3,181	183,741	44,095	139,645	59,044	48,758	32.13%	34.92%	(6,685)	(6,395)
TRANSPORT	742,004	752,409	76,777	839,282	129,792	709,442	449,478	476,867	53.56%	67.22%	136,453	138,196
Domestic transport	204,930	206,967	24,151	224,058	22,410	201,676	140,226	150,374	62.58%	74.56%	38,832	39,229
International transport	224,175	232,060	35,011	299,958	93,095	206,787	93,682	100,961	31.23%	48.82%	40,025	41,182
Civil resp. - Air Cargo	1,366	1,360	234	1,408	78	1,329	736	808	52.27%	60.75%	440	412
Civil resp. - Road Cargo	199,580	199,591	12,592	202,646	10,653	191,993	81,554	88,340	40.24%	46.01%	36,150	36,243
Civil resp. - Cargo Deviation	111,549	112,037	4,752	110,759	3,526	107,233	133,111	136,277	120.18%	127.08%	20,973	21,100
Civil resp. - Ship owner	403	394	38	453	30	424	169	108	37.23%	25.55%	34	31
FINANCIAL RISK	74,770	74,039	8,715	177,602	135,472	43,895	80,193	33,127	45.15%	75.47%	6,285	2,657
Rental guarantee	20,023	19,865	26	18,534	787	17,722	18,483	17,082	97.73%	96.12%	3,365	3,418
Guarantee	54,748	54,174	8,689	159,068	134,685	26,124	61,710	16,045	38.79%	61.42%	2,920	(761)
CREDIT	98,887	98,716	0	113,383	27,664	85,975	26,148	36,815	23.06%	42.82%	18,239	18,052
Internal risk	94,747	94,576	0	101,237	16,064	85,427	24,287	36,194	23.99%	42.37%	19,067	18,879
Export risk	4,140	4,140	0	12,146	11,599	548	1,861	621	13.32%	113.32%	(827)	(827)
RESPONSIBILITES	122,687	122,898	18,502	256,107	174,164	82,570	53,771	60,814	21.00%	73.65%	11,792	12,261
General civil responsibility	122,687	122,898	18,502	256,107	174,164	82,570	53,771	60,814	21.00%	73.65%	11,792	12,261
HULL COVERAGE	176,168	168,484	70,811	430,512	362,783	67,351	114,352	50,100	26.56%	74.39%	10,168	9,867
Maritime	43,553	42,990	2,525	81,265	54,386	26,686	43,064	28,454	52.99%	106.63%	6,162	5,949
Aircraft	130,020	122,887	68,286	0	308,253	38,055	0	21,152		55.58%	0	2,827
Hangar - civil resp.	0	0	0	0	0	0	0	0			(1)	(2)
D. P.E. M.	2,595	2,607	0	2,755	145	2,610	577	491	20.93%	18.82%	1,117	1,093
Air travel tickets	0	0	0	346,493	0	(0)	70,711	4	20.41%	-1459.50%	2,890	0
RURAL	55,134	52,880	7	88,537	60,558	27,980	18,207	10,618	20.56%	37.95%	(1,192)	(1,211)
Agriculture	23,785	21,614	0	55,168	44,637	10,531	11,506	6,538	20.86%	62.08%	222	229
Priv. Fin. Inst. rural lien	5,864	5,838	4	8,598	4,050	4,548	2,623	2,062	30.50%	45.33%	542	505
Pub. Fin. Inst. rural lien	24,321	24,321	(0)	22,121	9,954	12,166	3,566	1,655	16.12%	13.60%	(2,288)	(2,276)
Livestock	749	693	3	1,914	1,357	556	374	823	19.55%	147.95%	134	136
Forestry	415	415	0	736	560	178	138	(460)	18.69%	-258.46%	197	195
SPECIAL DISK	39,110	38,061	52,193	132,659	118,937	10,939	5,517	5,327	4.16%	48.69%	315	311
Petroleum related risk	35,246	34,197	52,193	121,827	109,879	9,167	5,517	5,328	4.53%	58.13%	409	412
Nuclear related risk	3,865	3,865	0	10,831	9,058	1,772	0	(1)	0.00%	-0.07%	(96)	(103)
Satellite	0	0	0	1	0	0	0	(0)	0.00%		2	2
OTHER	2,455	2,455	<									

Automobile Insurance

Automobile insurance in 2003 was one of the main lines of the insurance market presenting, however, a loss of relative participation in the market. In 2002, its market share was 27.2% and fell to 23.9% in face of the expansion of the life segment and the automobile

industry crisis. However, in spite of its large share in relation to the other portfolios, automobile insurance has great expansion possibilities in view of the fact that only about 25% of all vehicles within Brazil are covered by automobile insurance policies.

Coverage: Physical Damage + Facultative Auto Liability – 2003

R\$ thousands

Tariff Category	Number of Vehicles	Insurance Premiums	Number of Losses	Losses Amount
Domestic passenger autos	6,972,056	5,327,786	1,472,866	4,605,605
Imported passenger autos	371,488	624,926	109,148	510,697
Pick-ups (all)	889,775	1,594,064	180,403	1,005,160
Cargo vehicles (all)	359,170	1,248,960	47,922	677,439
Motorcycles (all)	31,939	44,092	6,503	28,170
Buses (all)	22,853	53,287	2,468	34,842
Utility vehicles (all)	26,176	34,049	2,847	21,772
Others	6,072	13,370	1,591	8,250
TOTAL	8,679,529	8,940,534	1,823,749	6,891,935

Consolidated Figures per State – 2003

R\$ thousands

UF	Number of Vehicles	Insurance Premiums	Number of Losses	Losses Amount
AC	5,236	6,817	747	3,361
AL	43,709	45,626	6,582	30,333
AM	29,848	34,213	5,916	24,195
AP	4,558	5,256	563	2,635
BA	264,075	290,017	52,718	232,707
CE	121,414	109,487	30,054	80,801
DF	215,235	194,259	50,635	148,403
ES	134,391	143,903	27,713	125,866
GO	183,034	207,096	45,285	181,342
MA	35,995	47,372	7,292	29,565
MG	720,906	652,975	118,481	562,077
MS	77,964	94,915	12,481	56,527
MT	83,085	120,491	12,192	64,823
PA	77,568	87,882	13,858	60,043
PB	54,057	53,650	9,384	36,939
PE	196,924	194,575	30,335	150,504
PI	23,580	27,163	4,632	16,141
PR	591,761	551,849	81,477	410,950
RJ	868,607	1,061,879	168,558	859,015
RN	58,646	56,388	12,743	38,136
RO	21,085	30,746	3,152	17,402
RR	2,770	4,177	492	2,362
RS	629,806	520,208	93,556	462,148
SC	365,743	327,369	53,952	255,568
SE	38,811	43,480	7,634	31,569
SP	3,807,875	4,001,796	970,385	2,995,131
TO	22,845	26,945	2,932	13,391
Brazil	8,679,529	8,940,534	1,823,749	6,891,935

Coverage: Physical Damage + Facultative Auto Liability—Types of Losses – 2003

Type of Loss	Number of Losses	R\$ thousands
		Losses Amount
Robbery and Theft	116,100	2,273,392
Partial Loss	577,376	1,927,002
Total Loss	58,813	1,406,423
Fire	2,620	34,651
Other	714,136	228,955
Liability - Bodily Injury	14,093	68,110
Liability - Material damage	360,611	953,402
TOTAL	1,823,749	6,891,935

Health Insurance

Today, Health Insurance policies cover 5,7 million Brazilians, constituting 14.7% of the supplementary health care market in Brazil, estimated to include nearly 38,8 million people.

It is still a relatively small number considering the total Brazilian population (174 million). It can be expected that in the hypothesis of evolving to a favorable regulatory environment, there would still be an ample market to be captured.

The Brazilian supplementary health industry however has shown to be quite difficult these last few years. On one hand, one has seen the increase of medical-hospital costs above inflation rates, an increase in the frequency of use of the medical services, widening of the coverage

and the extinction of the limits of use instituted by Law nº 9656/98. On the other hand, the financial and premium adjustments authorized by the National Health Agency have been significantly lower than the actual needs demonstrated by the Insurers. The combination of these factors has reflected in the overall loss experience of health insurance, which hit the alarming level of 86% in 2003. Since 1994, when it reached 72%, the loss ratio has been deteriorating annually.

In 2003, the total volume of health insurance premium income reached R\$ 6,62 billion, representing a nominal growth of 4.6% in comparison with the year 2002. At the same time, the total volume of losses accumulated in 2003 reached R\$ 5,7 billion, representing a nominal growth of 12.5% in relation to the year 2002.

Life and Personal Accident Insurances

In 2003, premiums of life and personal accident insurances premiums had a growth of 60% in relation to 2002, totaling R\$ 13,191,102 thousand. With this result, the segment's share of the total premium income of the insurance industry increased from 27% in 2002 to 35% in 2003.

This result was due to the life products VGBL, VAGP, and VRGP. In 2003, the amount of premiums relating to these plans represented 53% of the total premium income of

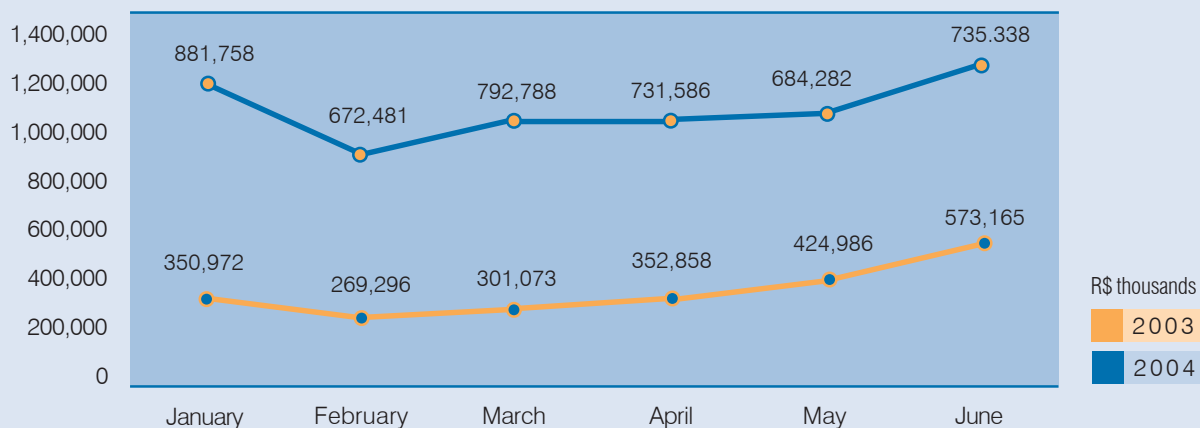
the whole segment. The VGBL was the exponent of the industry. The monthly data available for the beginning of 2004 (retained premiums) showed an amount of premium for January 2004 which is 151% greater than the premium for same month in 2003. However, in the first six months of 2004, a decreasing tendency (except in March) can be noted, although in each of these months the amount of premium in 2004 was greater than in 2003. The amount of claims increased in the period, with a slight fall in April.

Life and Personal Accident Insurances Premium Income

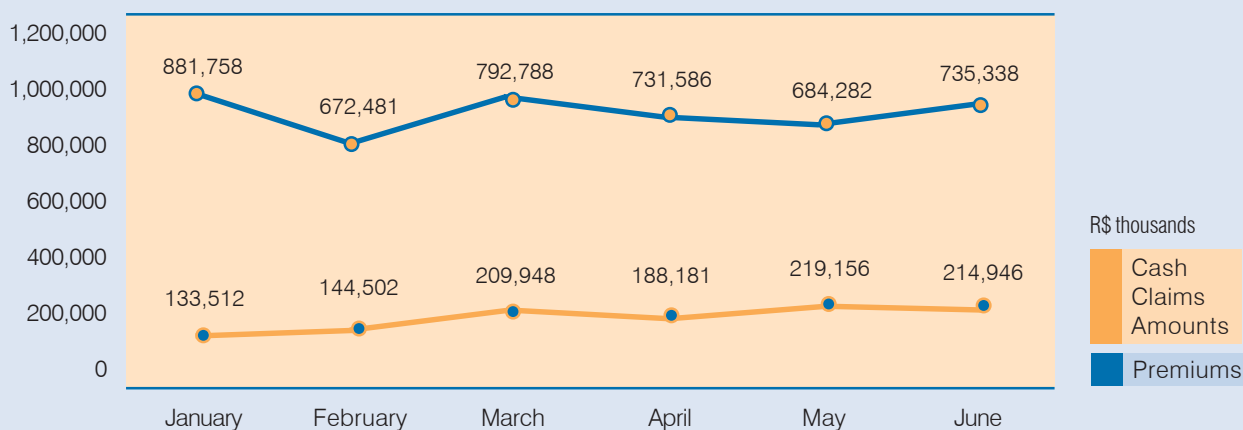
Branches	2002		2003	
	R\$ 1,000	% Share	R\$ 1,000	% Share
CREDIT LIFE INSURANCE	-	-	226,324	1.72%
EDUCATIONAL INSURANCE	-	-	13,712	0.10%
DIABILITY – RANDOM EVENTS	127,871	1.55%	184,727	1.40%
GROUP LIFE	4,004,074	48.57%	4,165,876	31.58%
VG/APC	196,220	2.38%	155,144	1.18%
PERSONAL ACCIDENTS	953,840	11.57%	940,325	7.13%
INDIVIDUAL LIFE	415,367	5.04%	462,591	3.51%
VGBL/VAGP/VRGP individual	2,547,009	30.89%	7,041,239	53.38%
VGBL/VAGP/VRGP group	-	-	1,165	0.01%
TOTAL	8,244,381	100%	13,191,102	100%

Source: SUSEP

VGBL - Evolution of Premiums January-June 2003/2004



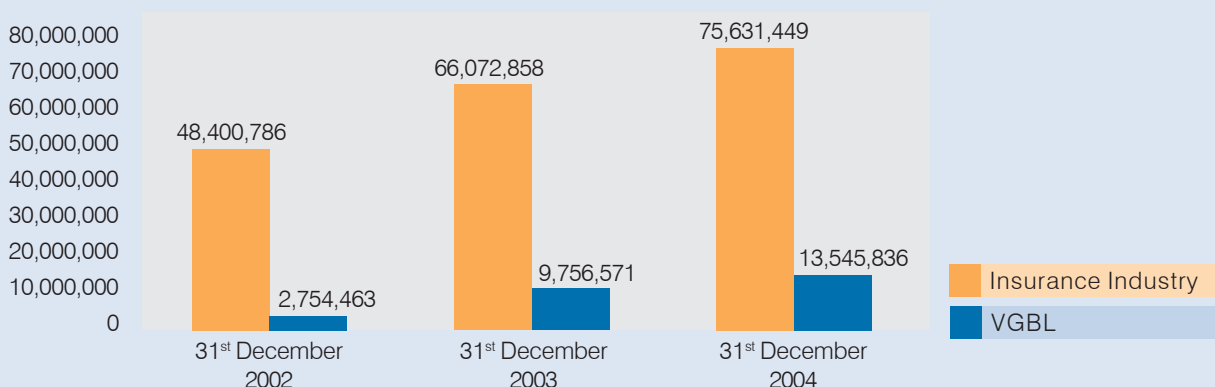
VGBL - Evolution of Premiums and Claims – January-June 2004



The amount of technical reserves for VGBL plans reached R\$ 13,545,836 thousand at the end of June 2004, 39% above that recorded at the end of 2003,

increasing its participation in the insurance industry in the period from 15% to 18%.

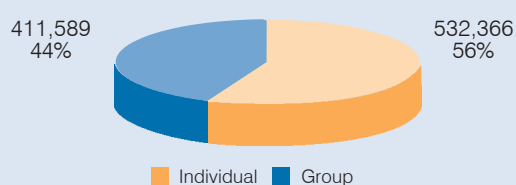
Technical Reserves - R\$ thousands



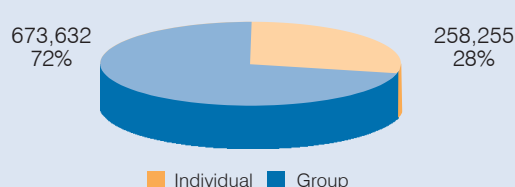
In 2003, personal accident insurance had a decrease of 0.15% in the volume of premium in relation to 2002. Insurance premiums, which in 2002 totaled R\$ 943,955, fell to R\$ 935,003 in 2003.

Also, there was a large reduction in the share of individual insurances in that total. In 2002, its share was 56% of the total premium income, falling to 28% in 2003.

Personal Accident Insurance Premiums - 2002



Personal Accident Insurance Premiums - 2003



Geographic Distribution - Insurers Period: 1997 – 2003

R\$ thousands

States	2003	2002	2001	2000	1999	1998	1997
01º São Paulo	52.34%	55.27%	52.03%	49.53%	47.73%	48.42%	47.87%
02º Rio de Janeiro	13.96%	14.25%	15.91%	16.49%	19.16%	17.64%	17.21%
03º Minas Gerais	5.96%	5.21%	4.95%	5.17%	5.39%	5.93%	6.02%
04º Paraná	5.06%	4.44%	4.52%	5.14%	5.05%	5.33%	5.40%
05º Rio Grande do Sul	4.85%	4.25%	4.34%	4.71%	5.10%	5.26%	5.35%
06º Distrito Federal	3.28%	4.07%	4.09%	3.81%	2.95%	2.71%	2.60%
07º Bahia	2.99%	2.94%	3.60%	3.88%	3.67%	3.17%	3.40%
08º Santa Catarina	2.59%	2.15%	2.30%	2.36%	2.34%	2.67%	2.64%
09º Pernambuco	2.15%	2.20%	2.70%	2.70%	2.64%	2.39%	2.52%
10º Goiás	1.38%	0.99%	1.11%	1.21%	1.11%	1.32%	1.94%
11º Espírito Santo	0.88%	0.74%	0.77%	0.87%	0.88%	0.94%	0.86%
12º Ceará	0.83%	0.61%	0.69%	0.76%	0.71%	0.79%	0.72%
13º Pará	0.79%	0.63%	0.62%	0.67%	0.75%	0.70%	0.75%
14º Mato Grosso do Sul	0.65%	0.54%	0.52%	0.56%	0.62%	0.66%	0.58%
15º Mato Grosso	0.61%	0.35%	0.42%	0.42%	0.38%	0.44%	0.50%
16º Amazonas	0.30%	0.18%	0.20%	0.25%	0.21%	0.25%	0.27%
17º Paraíba	0.24%	0.15%	0.15%	0.19%	0.21%	0.20%	0.16%
18º Maranhão	0.24%	0.17%	0.18%	0.21%	0.21%	0.26%	0.26%
19º Rio Grande do Norte	0.21%	0.21%	0.22%	0.26%	0.26%	0.25%	0.25%
20º Alagoas	0.21%	0.26%	0.24%	0.27%	0.27%	0.29%	0.31%
21º Sergipe	0.20%	0.12%	0.12%	0.12%	0.13%	0.14%	0.15%
22º Piauí	0.11%	0.10%	0.10%	0.11%	0.10%	0.08%	0.10%
23º Rondônia	0.09%	0.08%	0.09%	0.10%	0.08%	0.10%	0.09%
24º Tocantins	0.06%	0.05%	0.05%	0.12%	0.03%	0.03%	0.03%
25º Amapá	0.02%	0.02%	0.03%	0.02%	0.01%	0.02%	0.01%
26º Acre	0.01%	0.01%	0.02%	0.03%	0.02%	0.02%	0.02%
27º Roraima	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Insurance Premium	37,327,451	30,148,775	25,341,254	22,992,932	20,286,956	19,398,060	18,394,786

Sources: SUSEP and ANS

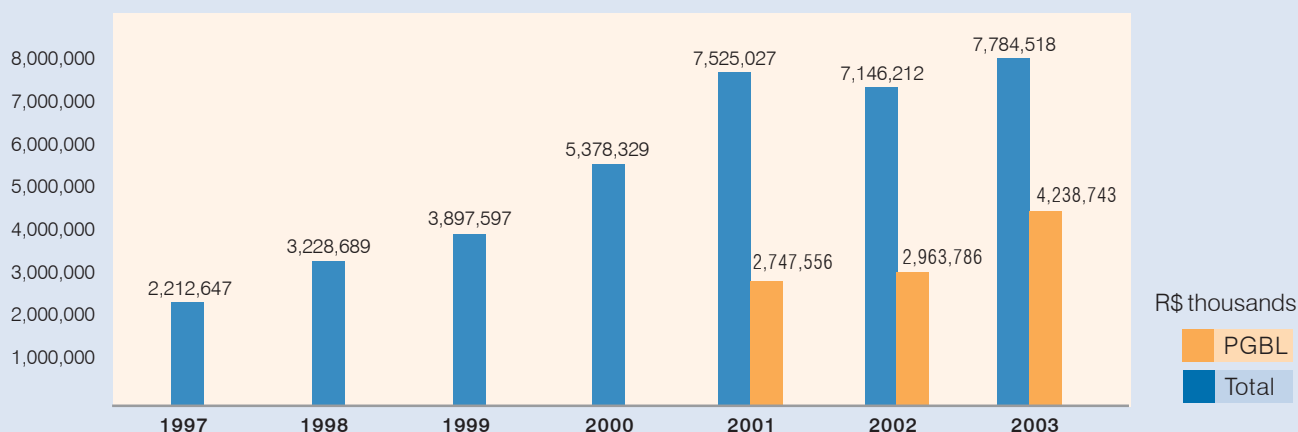
Open-end Complementary Pensions Funds

In 2003, the amount of contributions increased by 9% in relation to 2002, totaling R\$ 7,784,518 thousand. In spite of this, the share of the open complementary pension sector in the total income of the insurance industry decreased from 17% in 2002 to 15% in 2003. However, in 2003, insurers

maintained their share of 94% against 6% of the open non-profit entities.

PGBL plans continue to be responsible for the growth of contributions, increasing its share of the segment's total to 54% in 2003.

Contributions



Comparing the first six months of 2004 to the same period of 2003, one can notice that the downward trend in 2003 was reverted, although no assurance can be made regarding the maintaining of the trajectory of contributions throughout 2004.

In 2003, the total amount of cash claim values had a growth of 26% in relation to 2002; in the PGBL plans that increase was of 33%. The data relative to the first half of 2004 shows a stabilizing tendency for the claim as from March, whereas recuperation in the amount of contributions took place in May.

PGBL

Evolution of Contributions January to June of 2003 and 2004

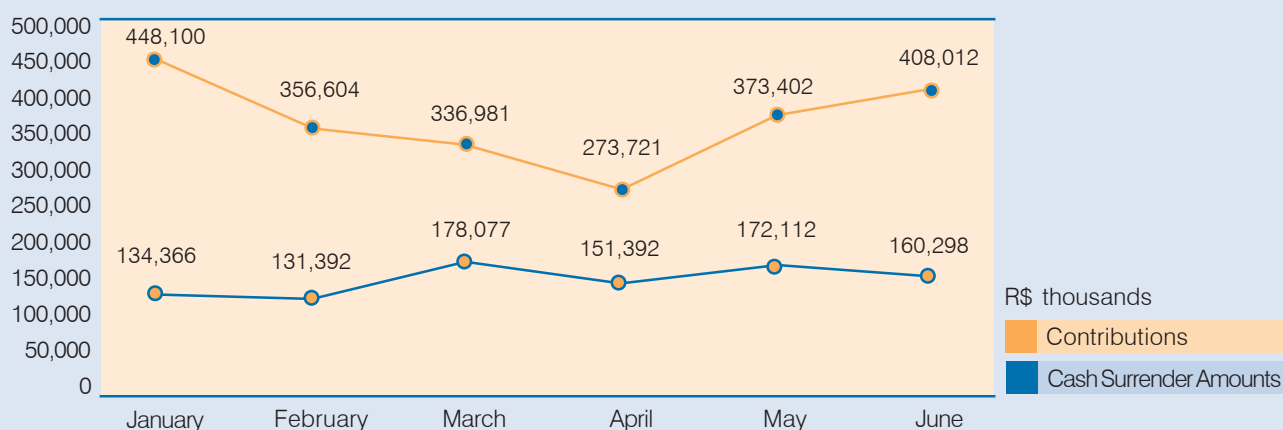
Period	Contributions	
	2003	2004
January	275,209	448,100
February	263,264	356,604
March	397,132	336,981
April	412,111	273,721
May	336,198	373,401
June	253,743	408,012
TOTAL	1,937,657	2,196,819

Total of Cash Claim Values

Period	R\$ thousands			
	All Plans	% of increase	PGBL	% of increase
2002	3,381,826	-	1,139,971	-
2003	4,276,778	26%	1,510,771	33%

Source: SUSEP

Evolution of Contributions and Claim from January to June 2004



The total benefits paid in 2003 amounted to R\$ 713,911 thousand, presenting a growth of 6.49% in relation to 2002. The benefits paid out by PGBL's recorded a growth expansion of 45.10% - thus reaching a total of R\$ 34,507 thousand in 2003.

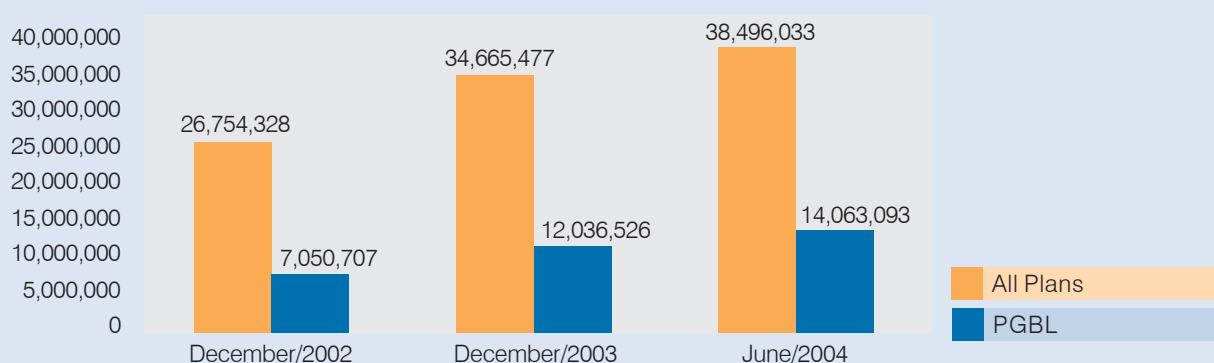
In spite of the increase of the amount of cash surrender values and benefits, the provisions increased 30% in the period Dec/02 to Dec/03, ending 2003 with R\$ 34,665,477 thousand. PGBL plans provisions had a growth of 71% in the same period. At the end of June of 2004, the amount of the reserves for these plans already represented 37% of the total reserves of the open-end complementary pension funds.

Benefits Paid

Period	All Plans		PGBL	
	R\$ thousands	% of increase	R\$ thousands	% of increase
2002	670,378		23,781	
2003	713,911	6.49%	34,507	45.1%

Source: SUSEP

Technical Reserves (R\$ 1,000)



Geographic Distribution - Participation - Insurers that Operate Private Pensions Funds + EAPC's

Period: 2001 - 2003

R\$thousands

States	2003	2002	2001
01º São Paulo	51.26%	51.03%	55.90%
02º Rio de Janeiro	13.97%	13.54%	11.60%
03º Minas Gerais	7.38%	7.33%	6.14%
04º Rio Grande do Sul	5.17%	5.10%	4.24%
05º Paraná	4.48%	4.66%	6.39%
06º Bahia	2.91%	2.97%	2.62%
07º Santa Catarina	2.47%	2.65%	2.07%
08º Pernambuco	1.56%	1.61%	1.50%
09º Distrito Federal	1.50%	1.44%	1.26%
10º Goiás	1.26%	1.31%	1.17%
11º Ceará	1.25%	1.29%	1.18%
12º Espírito Santo	1.09%	1.00%	0.86%
13º Mato Grosso	0.94%	1.00%	0.76%
14º Pará	0.91%	1.02%	1.01%
15º Mato Grosso do Sul	0.82%	0.88%	0.78%
16º Paraíba	0.61%	0.69%	0.55%
17º Amazonas	0.54%	0.44%	0.24%
18º Maranhão	0.51%	0.48%	0.42%
19º Rio Grande do Norte	0.45%	0.41%	0.30%
20º Sergipe	0.39%	0.39%	0.40%
21º Alagoas	0.26%	0.24%	0.22%
22º Piauí	0.21%	0.20%	0.15%
23º Rondônia	0.15%	0.12%	0.09%
24º Tocantins	0.09%	0.07%	0.05%
25º Amapá	0.07%	0.06%	0.04%
26º Acre	0.06%	0.05%	0.04%
27º Roraima	0.05%	0.04%	0.03%
Insurance Premiums	7,784,518	7,146,211	7,525,028

Source: SUSEP

Capitalization

In 2003, the 15 capitalization companies that operated in the industry obtained a gross revenue of R\$ 6,02 billion, which, in comparison with the amount of R\$ 5,22 billion, in 2002, represented an increase of 15.4%.

The capitalization plans, with greater emphasis on savings programs than on the attractive lottery draws for capitalization plan holders have been consolidating in the last 4 years, during which there was an expansion of monthly-payment plans as opposed to the slower growth of plans based on single payment plans.

It became evident in the monthly-payment plans that the basis of behavior of whoever acquired this kind of security was the concept of savings and secondly the possibility of winning lottery draw prizes; whereas the prize potential concept always prevailed in the sale of single-payment plans – the savings concept was secondary, although this aspect was always present.

In 2003, the monthly payments plans accumulated a premium volume of R\$ 4,43 billion against a premium volume of R\$ 3,10 billion in 2000, showing an increase of 42.9% in the period.

In 2003, the single-payment plans totaled premiums in the amount of R\$ 1,59 billion against the amount totaled in 2000 of R\$ 1,29 billion, with an increase in the period of 23.3%, that is, an increase of little more than half the increase of the monthly-payments plans.

The number of capitalization contracts issued also confirmed the greater demand in the last 4 years for monthly-payments schemes rather than for the single-payment: plans, the first group showed an increase of

58.4% in the period (from 94,5 million in 2000 to 149,7 million in 2003), compared to the increase of the single payment plans of 33.4% (from 126,3 million in 2000 to 169,0 million in 2003).

Technical reserves, on the average, in 2003, reached the amount of R\$ 7,81 billion which, compared to the average recorded in 2002 of R\$ 6,59 billion, represents an increase of 18.6% – an increment greater by more than 3 percentage points than the increase in revenue of 15.4%.

The assets of immediate liquidity also benefited from this behavior. The average value in 2003 was of R\$ 9,15 billion compared to the average value of 2002 of R\$ 7,52 billion, showing an increase of 21.5%.

The increase of the technical reserves and assets of immediate liquidity was higher than the increase of the revenues because the new monthly payments plans have longer terms, which conferred greater stability to the cash flow, more than from the single-payment capitalization contracts.

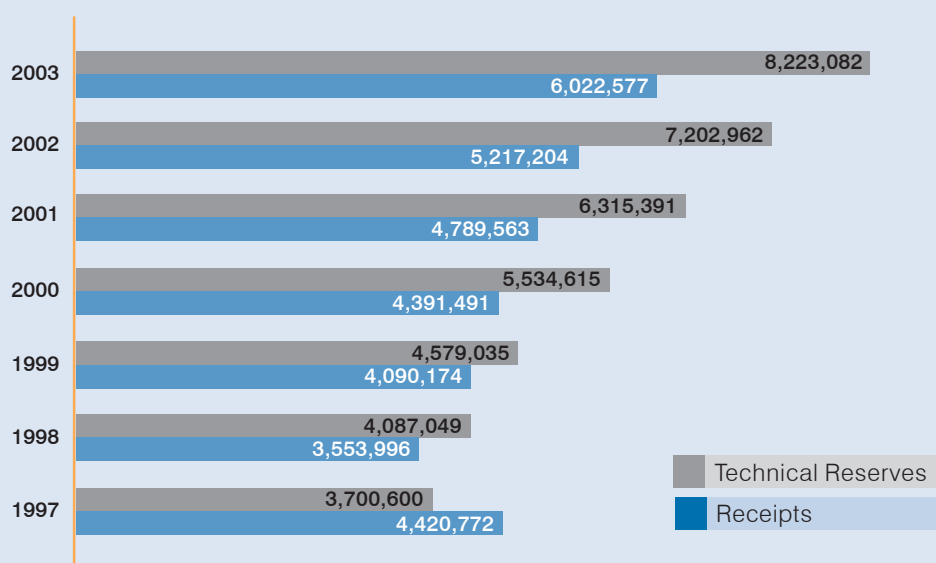
The stability of the cash flow and its greater volume in 2003 than in the previous years allowed better return on the net worth (ROE) which, in 2003, reached 37.9% p.a. compared to 28.35% p.a. in 2002, despite the increase of 25.0% in the net worth, from R\$ 2,85 billion, in average in 2002, to R\$ 3,56 billion, in average in 2003.

The profitability on the total assets (ROA) also consigned an increase consistent in its rate of remuneration which, on the average of the assets, climbed from 7.64% p.a. in 2002 to 10.25% p.a. in 2003, in spite of the 21.1% increase of 25.0% these same assets in the period.

Brazilian Capitalization Market

	R\$ thousands						
	1997	1998	1999	2000	2001	2002	2003
Income	4,420,772	3,553,996	4,090,174	4,391,491	4,789,563	5,217,204	6,022,577
Increase (%) 1997 = 100%	100.00%	80.39%	92.52%	99.34%	108.34%	118.02%	136.23%
Technical Reserves	3,700,600	4,087,049	4,579,035	5,534,615	6,315,391	7,202,962	8,223,082
Increase (%) 1997 = 100%	100.00%	110.44%	123.74%	149.56%	170.66%	194.64%	222.21%

Source: SUSEP



Capitalization - Number of Plans and Annual Income

	2003	2002	2001	2000	1999	1998	1997
Single Payment Plans							
Number of plans	169,010,430	136,251,675	149,354,256	126,325,467	174,116,344	159,578,891	266,414,883
Amount (R\$ 1,000)	1,592,059	1,544,181	1,414,757	1,290,929	1,238,473	729,390	1,977,310
Monthly Payments Plans							
News Plans							
Number of plans	23,525,457	20,073,896	6,811,036	6,581,359	6,015,068	4,788,775	5,125,360
Amount (R\$ 1,000)	316,587	285,893	209,445	181,548	181,933	162,426	170,002
Monthly Payments Plans In Force Plans							
Number of plans	126,151,952	91,920,303	87,395,900	87,936,087	70,959,064	66,302,583	57,495,536
Amount (R\$ 1,000)	4,113,932	3,387,131	3,165,360	2,919,013	2,669,768	2,662,180	2,273,460
All Plans							
Total Number of plans	318,687,840	248,245,873	243,561,191	220,842,912	251,090,477	230,670,249	329,035,778
Amount (R\$ 1,000)	6,022,577	5,217,204	4,789,563	4,391,491	4,090,174	3,553,996	4,420,772
Claims							
Number of plans	126,509,635	142,757,558	165,238,194	162,176,042	173,458,734	193,511,790	357,876,693
Amount (R\$ 1,000)	4,538,583	3,508,090	3,356,291	2,715,446	3,045,957	2,516,628	3,709,793
Prize Winning Plans (Lottery Draw)							
Number of plans	140,930	133,753	139,166	122,525	107,459	71,834	36,899
Amount (R\$ 1,000)	259,001	211,951	561,939	497,343	193,222	196,341	275,904

Geographic Distribution - Income

States	2003	2002	2001
01º São Paulo	38.52%	38.96%	39.85%
02º Rio de Janeiro	11.88%	11.75%	12.22%
03º Minas Gerais	8.34%	8.00%	8.35%
04º Rio Grande do Sul	6.73%	6.93%	7.23%
05º Paraná	6.42%	5.72%	5.99%
06º Santa Catarina	3.87%	3.66%	3.50%
07º Bahia	3.48%	3.37%	3.42%
08º Distrito Federal	2.89%	4.97%	2.78%
09º Goiás	2.61%	2.38%	2.51%
10º Pernambuco	1.94%	1.96%	1.96%
11º Ceará	1.77%	1.70%	1.64%
12º Espírito Santo	1.76%	1.75%	1.75%
13º Mato Grosso	1.34%	1.22%	1.13%
14º Pará	1.28%	1.21%	1.22%
15º Mato Grosso do Sul	1.22%	1.13%	1.03%
16º Maranhão	0.82%	0.74%	0.71%
17º Paraíba	0.81%	0.73%	0.76%
18º Rio Grande do Norte	0.77%	0.72%	0.75%
19º Amazonas	0.64%	0.62%	0.62%
20º Sergipe	0.63%	0.50%	0.52%
21º Alagoas	0.56%	0.50%	0.58%
22º Rondônia	0.50%	0.47%	0.49%
23º Piauí	0.44%	0.40%	0.42%
24º Tocantins	0.29%	0.25%	0.25%
25º Acre	0.18%	0.15%	0.12%
26º Roraima	0.16%	0.09%	0.08%
27º Amapá	0.15%	0.13%	0.11%
Receipts	6,022,577	5,217,204	4,789,564

Source: SUSEP

Participation of Foreign Capital in the Insurance Industry

Brazil is the main Latin American market for financial applications and thanks to the present monetary stability is perceived as a country with great appeal for international capital. Major foreign investments have been made in diverse segments of the economy.

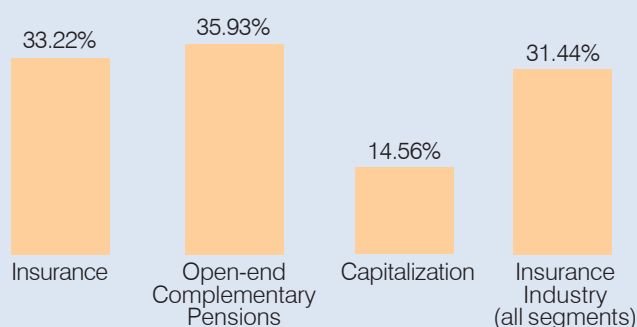
Up to 1994, foreign capital only held a 4% participation in the insurance industry, being restricted to the traditional insurance activities at that time. With the stabilization of the economy and the consequent

increase in investment attractiveness, that participation increased to 6.3%, still timid in face of the restrictions to foreign capital existent at the time, principally regarding shareholding control of the companies. However, after 1996, with the opening of the market and the extending of the same treatment to foreign capital as to national capital, there was expressive evolution, foreign capital in 2003 having reached a 33.22% share of the volume of income premiums in the general insurance activity, 35.93% of the volume of contributions collected in the

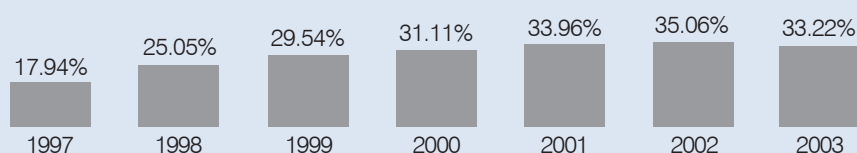
open-end pensions segment and 14.56% in the capitalization market.

Foreign capital in the Brazilian insurance industry comes mainly from interests located in Holland, U.S.A. Spain, France, United Kingdom and Japan. More than 30 companies already mark a significant presence in Brazil, amongst them: ABN AMRO, ACE, Aetna, AGF, AIG, Allianz, Assurant, Axa, BBV, Canada Life, CCF, CGU, Chubb, Cigna, Generali, Gerling, Hannover, Hartford, HSBC, ING Group, Kyoei, Liberty, Mapfre, Met Life, Mitsui-Marine, Nationwide, Principal, Prudential, Reliance, Royal & SunAlliance, Santander, Winterthur, Yasuda and Zurich.

Insurance Industry Participation of Foreign Capital In the Income of the Insurance Industry - 2003



Insurance Industry Participation of Foreign Capital in Total Premiums of the Insurance Industry



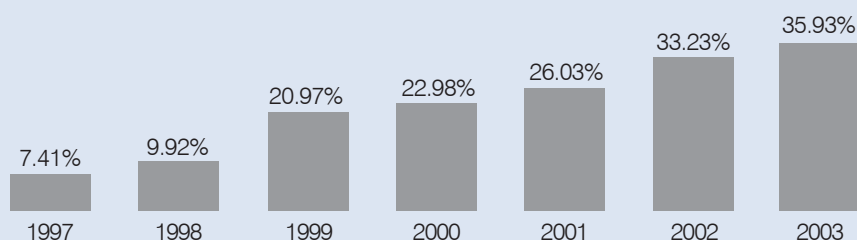
Foreign Participation - Origin Insurance Industry

R\$ thousands

Nationality	2003		2002	
	Premium	%	Premium	%
1º Dutch	3,552,227	28.64%	4,204,450	39.78%
2º American	2,412,914	19.46%	2,222,670	21.03%
3º French	1,747,864	14.09%	1,537,723	14.55%
4º Spanish	1,883,811	15.19%	921,748	8.72%
5º Japanese	790,472	6.37%	728,049	6.89%
6º Italian	296,844	2.39%	284,509	2.69%
7º English	938,462	7.57%	203,690	1.93%
8º Swiss	173,596	1.40%	186,261	1.76%
9º German	385,920	3.11%	110,167	1.04%
10º Luxemburg	93,060	0.75%	56,867	0.54%
11º Australian	41,157	0.33%	0	0.00%
12º Uruguayan	39,364	0.32%	51,395	0.49%
13º Bermudan	37,916	0.31%	34,360	0.33%
14º Virgin Islands	0	0.00%	13,453	0.13%
15º Canadian	8,151	0.07%	7,345	0.07%
16º Bahamian	0	0.00%	4,377	0.04%
17º Argentinean	60	0.00%	2,910	0.03%
18º Others	0	0.00%	0	0.00%
Sub-Total Foreign Part.	12,401,820	33.22%	10,569,975	35.06%
Total Insurance Industry	37,327,451	100%	30,149,261	100%

Sources: SUSEP and ANS

Open-end Complementary Pension Plans Participation of Foreign Capital in the Contributions Collected for the Complementary Pensions



Foreign Participation - Origin Complementary Pensions Plans Market

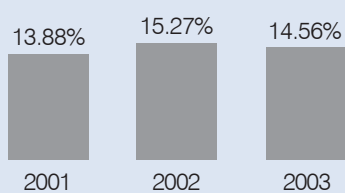
R\$ thousands

Nationality	2003		2002	
	Contribution	%	Contribution	%
1º American	1,116,414	39.92%	942,791	39.70%
2º Dutch	342,646	12.25%	594,282	25.02%
3º Spanish	503,101	17.99%	418,889	17.64%
4º English	352,801	12.61%	0	0.00%
5º French	320,470	11.46%	281,088	11.84%
6º Luxemburg	40,274	1.44%	34,082	1.44%
7º German	40,333	1.44%	29,074	1.22%
8º Japanese	27,662	0.99%	19,944	0.84%
9º Canadian	27,368	0.98%	19,281	0.81%
10º Italian	20,183	0.72%	16,753	0.71%
11º Uruguayan	4,751	0.17%	10,089	0.42%
12º Swiss	718	0.03%	8,506	0.36%
13º Others	0	0.00%	0	0.00%
Sub-Total Foreign Part.	2,796,720	35.93%	2,374,780	33.23%
Total Pensions Industry	7,784,518	100%	7,146,211	100%

Source: SUSEP

Capitalization Plans Industry

Participation of Foreign Capital in the Total Income of the Industry



Foreign Participation - Origin

Capitalization Plans Industry

R\$ thousands

Nationality	2003		2002	
	Receipts	%	Receipts	%
1º American	393,796	44.92%	386,056	48.44%
2º Dutch	201,433	22.97%	240,948	30.24%
3º French	154,633	17.64%	169,910	21.32%
4º English	126,894	14.47%		
Sub-Total Foreign Part.	876,757	14.56%	796,914	15.27%
Total Pensions Industry	6,022,577	100%	5,217,204	100%

Source: SUSEP



Brazilian Insurance

Industry

1st half of the year – 2004

Insurance industry

The Insurance Industry overall income 18.35% in relation to the same period of 2003; an increase of 23.19% being registered in the insurance segment, 12.15% in capitalization and 2.10% in open-end complementary pension funds.

Worthy of note is the fact that the total of the insurance industry investments in June of 2004 reached the volume of R\$ 104 billion, of which, R\$ 28,4 billion being net worth assets of the companies and R\$ 75,6 billion recorded

as technical provisions assets. At the end of June 2004, the total amount of the technical provisions of the insurance industry registered a growth of 33.4% in relation to the same date of last year and it should be highlighted the growth of 61.2% in the provisions of the insurance segment, as a result of the performance of the life insurance line (with emphasis on the products with an element of savings). Provisions in the pension segment increased by 23.3%, and in the capitalization plans by 10.8%.

Insurance Industry Total Income in the period January to June of 2004 and 2003

R\$ thousands

Receipts	Jan/Jun 2004	Jan/Jun 2003	% of Increase
Insurance	21,194,828	17,205,310	23.19%
Open-end Complementary Pension Funds	4,118,402	4,033,526	2.10%
Insurance Companies	3,886,827	3,811,527	1.98%
Non-Profit Entities	231,575	221,999	4.31%
Capitalization	3,198,127	2,851,707	12.15%
Total	28,511,357	24,090,543	18.35%

Insurance Industry Technical Reserves at the end of June

R\$ thousands

Technical Reserves	2004	2003	% of Increase
Insurance	28,427,954	17,632,774	61.22%
Open-end Complementary Pension Funds	38,496,024	31,213,411	23.33%
Insurance Companies	37,716,902	30,486,792	23.72%
Non-Profit Entities	779,122	726,620	7.23%
Capitalization	8,707,469	7,862,564	10.75%
Total	75,631,447	56,708,750	33.37%

Sources: SUSEP and ANS

Insurance Industry Net Worth at the end of June

R\$ thousands

Net Assets	2004	2003	% of Increase
Insurance	25,020,104	18,515,478	35.13%
Open-end Complementary Pension Funds	768,647	670,151	14.70%
Insurance Companies	768,647	670,151	14.70%
Non-Profit Entities	768,647	670,151	14.70%
Capitalization	2,608,629	3,546,710	-26.45%
Total	28,397,379	22,732,339	24.92%

Sources: SUSEP and ANS

Insurance

The insurance industry, in the 1st half of the year 2004, had a premium income of R\$ 21.2 billion, an increase of 23.2% over the amount of R\$ 17.2 billion in the same period of 2003.

If the volume of annual premium income of the insurance industry maintains its growth rate of nearly 23.0% from 2002 to 2003 (when total premium income grew from R\$ 30.1 billion to R\$ 37.3), the premium income of 2004 is going to get close to, if not overtake the amount of R\$ 46.2 billion, thus recording an increase greater than 50% between 2002 and 2004.

Life insurance was responsible for this intense acceleration of the industry, which in the 1st half of 2004, thanks to the success of VGBL plans, obtained a premium income of R\$7.37 billion – 54.4% greater than the income in the 1st half of 2003 (R\$4.77 billion) – with a prospect of reaching R\$17.9 billion by the end of the year.

Automobile and health insurances business are facing extremely difficult market situations.

Domestic market sales of the automobile industry in the 1st half of 2004 remained stagnant, projecting an annual volume of around 1.4 million automobiles, with no

prospects for expansion, and prices following the increase of internal costs, thus flattening the already tight purchase capacity of the consumer.

Total automobile insurance premium income in the 1st six months of 2004 amounted to R\$ 4.9 billion - an increase of 13.7% in relation to same period of 2003, due almost entirely to the rise in prices.

The health insurance segment in the 1st half of 2004 recorded an increase of 11.6% with total premium income reaching R\$ 3.64 billion against R\$ 3.26 billion in the first half of 2003.

The increase reflected the parameter of 11.75% adopted by the ANS to contain the complaints made by insurance policyholders in view of the last rise in insurance premiums, authorized by the ANS, to adjust prices to actual costs (an adjustment that was due since 1999).

That rise resulted from the insufficiency of the prior adjustments which kept the prices practically fixed, and the expansion of obligatory insurance services. Such measures had been adopted by the regulatory agency in Brazil – the ANS – over the last few years without considering the necessary balance between the needs of the Insurers and those of the Users.

Insurance Industry

Data from January to June of 2004, as at 30th June 2004

R\$ thousands

Insurance Branches	Premium Income	Incurred Losses	Loss Ratio
Automobile	4,897,613	3,682,515	74.41%
Life	7,370,927	1,471,260	54.18%
Health	3,639,069	3,040,938	87.39%
Property	1,828,128	723,698	45.44%
Personal Accident	509,077	151,737	30.15%
DPVAT	911,903	335,676	78.28%
Home	384,334	75,635	40.21%
Transport	691,839	335,532	46.65%
Financial Risks	133,038	18,063	23.74%
Credit	176,951	114,574	53.52%
Liability	178,963	84,267	66.81%
Special Risks	126,509	1,476	23.19%
Hull	258,710	147,854	65.55%
Rural	87,066	125,557	49.52%
Others	983	1,994	202.93%
TOTAL	21,195,109	10,310,776	68.03%

Sources: SUSEP and ANS

Open-end Complementary Pensions Funds

The contributions in the 1st six months of 2004 amounted to R\$ 4,12 billion, with a prospect of reaching R\$ 8,53 billion at the end of the year; this amount, compared to the contributions in 2003 of R\$ 7,78 billion, would indicate an increase of 9.63% from one year to the other.

Over the last twelve months there was, between July/2003 and April/2004, a trend to a decrease in the monthly totals of contributions, but in May and June 2004 these totals are showing a trend of increase.

In the 1st half of 2004, PGBL plans registered contributions of R\$ 2,04 billion – a growth of 9.51% in relation to R\$ 1,87 billion in the first half of 2003. In the

same period of 2004, the traditional plans contributions amounted to R\$ 2,07 billion – decreasing by 3.18% in relation to the first half of 2003 and practically equaled those of PGBL.

The technical provisions for all pensions plans reached R\$ 38,50 billion at 30th of June 2004, an amount 23.34% greater than that of R\$ 31,21 billion at 30th of June 2003.

As at 30th of June 2004, PGBL plans provisions amounted to R\$ 14,06 billion, representing 27.02% of the total technical provisions, whereas the traditional plans provisions amounted to R\$ 24,43 billion, that is, 46.95% of the total.

Open-end Complementary Pensions Funds Data from January to June of 2004 – As at 30th of June 2004

R\$ thousands

	Insurers	Non-Profit Entities	Totals	PGBL
Contributions	3,886,327 94.38%	231,575 5.62%	4,118,402 100.00%	2,196,819 53.34%
Benefits Paid	275,277	139,107	414,384	18,337
Total Liquidations	895,237	10,217	905,454	354,580
Partial Liquidations	1,288,553	841	1,289,394	573,057
Tecnical Reserves	37,716,902	779,122	38,496,024	14,063,093

Source: SUSEP

Capitalization

The revenue arising from capitalization securities in the 1st half of 2004 was R\$ 3,20 billion, with an increase of 12.26% in relation to the R\$ 2,85 billion in the 1st half of 2003.

The industry's goal of R\$ 7,0 billion for 2004 is based on the current profile of the capitalization securities buyer, who has been emphasizing more on savings but without losing sight of the lottery draws.

The monthly payments plans, which contain the savings element, produced revenues of R\$ 2,37 billion in the 1st six months of 2004, representing 74.2% of the total for the period.

The single-payment plans, which focused on their lottery draw benefit, collected an amount of R\$ 826,4 million, equivalent to 25.8% of the total for the period.

Capitalization Industry Data from January to June of 2004

R\$ thousands

	Number	Amount (R\$ 1,000)
Single Payment Plans	150,263,009	826,443
Monthly Payment Plans (New Plans)	8,347,317	158,128
Monthly Payment Plans (In Force Plans)	81,279,090	2,213,557
Liquidations	73,437,538	2,280,864
Prize Winnings Plans	74,753	144,280

Source: Fenaseg

The Insurance Companies

1st Six Months of 2004, as at 30th of June 2004

R\$ thousands

Insurance Companies	Insurance Segment (1)					Complementary Pension Plans Segment (2)				Both Segments (1 and 2)			
	Total Premium	Net Premium	Claims Losses	Net Commercial Claims	Commercial Expenses	Contributors	Benefits Paid	Total Liquidation	Partial Liquidation	Commercial Expenses	Management Expenses (*)	Net Profit	Net Worth
ABSOLUTA SEGUROS S.A.	0	0	0	0	0	0	0	0	0	0	1	(9)	1,977
ACE SEGURADORA S.A.	183,709	148,670	62,534	56,883	42,589	0	0	0	0	0	35,681	10,409	70,919
AGF BRASIL SEGUROS S.A.	425,047	292,271	249,088	181,420	68,453	0	0	0	0	0	82,992	38,375	447,468
AGF SAÚDE S.A.	86,070	86,212	63,219	63,009	6,152	0	0	0	0	0	8,568	5,760	53,752
AGF VIDA E PREVIDÊNCIA PRIVADA S.A.	9,940	4,961	0	0	30	148,986	733	27,200	19,182	405	5,203	2,234	55,858
AIG BRASIL CIA DE SEGUROS S.A.	27,683	19,476	5,580	10,852	2,012	0	0	0	0	0	2,369	6,839	83,149
ALFA SEGUROS E PREVIDÊNCIA S.A.	80,074	64,689	46,034	43,972	11,159	8,493	0	4,373	2,528	0	12,967	464	29,990
ALVORADA VIDA S.A.	0	0	0	(7)	0	0	0	0	0	0	289	864	18,652
AMERICAN LIFE COMPANHIA DE SEGUROS	9,078	5,182	533	3,158	655	0	0	0	0	0	2,066	(275)	7,373
AMIL SEGURADORA S.A.	102	111	100	105	(0)	215	0	194	0	0	252	45	4,583
APS SEGURADORA S.A.	10,160	5,648	810	3,631	531	0	0	0	0	0	1,601	42	8,956
ASSURANT SEGURADORA S.A.	21,199	21,083	2,832	4,053	1,694	0	0	0	0	0	8,012	173	26,461
AUREA SEGUROS S.A.	18,547	4,341	5,069	2,967	(2,188)	0	0	0	0	0	4,659	(260)	8,030
AVS SEGURADORA S.A.	114	216	0	1	29	0	0	0	0	0	0	338	8,551
AXA SEGUROS BRASIL S.A.	72,565	58,882	39,823	38,121	13,638	0	0	0	0	0	15,284	1,420	60,161
BANERJ SEGUROS S.A.	13,273	6,790	923	6,827	0	0	0	0	0	0	2,892	2,994	217,782
BANESTES SEGUROS S.A.	36,644	32,300	19,196	20,914	5,787	0	0	0	0	0	6,353	2,444	33,047
BCS SEGUROS S.A.	0	0	0	0	0	0	0	0	0	0	137	711	31,578
BEMGE SEGURADORA S.A.	16,077	8,750	325	8,771	1	0	0	0	0	0	2,723	14,202	272,254
BRADESCO SAUDE S.A.	1,472,634	1,439,429	1,258,174	1,321,264	46,233	0	0	0	0	0	149,854	(17,163)	548,138
BRADESCO SEGUROS S.A.	1,034,300	810,183	620,846	668,304	135,467	0	0	0	0	0	187,304	374,714	3,860,489
BRADESCO VIDA E PREVIDÊNCIA S.A.	2,411,297	512,319	258,036	337,566	134,077	1,014,420	172,594	421,735	510,748	47,561	123,840	388,917	2,053,595
BRASIL VEÍCULOS COMPANHIA DE SEGUROS S.A.	297,790	249,204	183,846	176,270	27,930	0	0	0	0	0	32,194	14,264	176,721
BRASILPREV SEGUROS E PREVIDÊNCIA S.A.	426,209	6,334	0	623	4,057	659,250	38,045	105,206	120,183	13,138	55,324	57,439	172,292
BRASILSAUDE COMPANHIA DE SEGUROS	60,474	60,465	42,677	44,474	3,117	0	0	0	0	0	7,855	1,525	41,250
CAIXA SEGURADORA S.A.	492,091	293,969	175,916	163,656	2,736	0	0	0	0	0	58,312	147,234	885,916
CAIXA VIDA E PREVIDÊNCIA S.A.	385,752	88,931	79,691	79,691	4,202	180,576	1,582	33,731	44,251	5,306	10,455	5,230	40,199
CANADÁ LIFE PREVIDÊNCIA E SEGUROS S.A.	13,126	12,632	4,469	7,206	2,035	17,702	0	6,919	3,915	115	7,818	(7,001)	10,683
CARDIF DO BRASIL SEGUROS E PREVIDÊNCIA S	31,906	25,579	7,101	7,724	13,379	1,728	0	212	1,526	7	7,461	(2,626)	16,248
CENTAURO SEGURADORA S.A.	7,564	3,884	273	2,539	136	0	0	0	0	0	942	5	1,217
CHUBB DO BRASIL CIA DE SEGUROS	120,952	90,235	50,048	46,886	19,482	0	0	0	0	0	31,350	7,230	80,054
CIA SEGUROS PREVIDÊNCIA DO SUL	36,180	29,299	13,302	14,864	6,030	8	5	302	0	0	8,011	857	29,375
CIA. SEGUROS MINAS-BRASIL	163,477	136,962	97,498	95,744	27,151	7,492	158	3,731	3,417	123	36,507	(426)	79,540
CIGNA COMPANHIA DE SEGUROS	0	0	0	0	0	0	0	0	0	0	205	(62)	2,201
CIGNA SEGURADORA S.A.	(1)	(1)	(346)	(2,241)	0	0	0	0	0	0	2,809	283	14,185
CITIINSURANCE DO BRASIL VIDA E PREVIDÊNCIA	52,238	50,087	8,624	12,548	14,650	13,682	0	451	1,714	64	8,084	3,439	24,575
COMBINED SEGUROS BRASIL S.A.	3,975	3,908	4,290	1,839	3,560	0	0	0	0	0	2,242	(506)	9,800
COMPANHIA DE SEGUROS ALIANÇA DA BAHIA	35,418	19,529	20,126	13,649	4,412	0	0	0	0	0	10,454	10,033	81,212
COMPANHIA DE SEGUROS ALIANÇA DO BRASIL	494,897	447,116	239,873	183,994	102,334	0	0	0	0	0	53,121	59,940	203,508
COMPANHIA DE SEGUROS GRALHA AZUL	15,468	6,814	3,645	8,996	106	0	0	0	0	0	1,633	35,239	613,785
COMPANHIA EXCELSIOR DE SEGUROS	42,134	9,702	1,790	4,087	1,322	0	0	0	0	0	3,989	1,016	12,128
COMPANHIA MUTUAL DE SEGUROS	7,362	6,755	3,036	1,485	580	0	0	0	0	0	2,137	18	9,227
CONAPP CIA NACIONAL DE SEGUROS	29,214	21,137	16,049	21,549	1,592	0	0	0	0	0	4,031	(4,602)	21,466
CONFIANÇA CIA DE SEGUROS	63,001	57,865	37,170	37,105	7,225	0	0	0	0	0	7,529	2,366	30,840
COSESP - CIA DE SEGUROS DO ESTADO DE SÃO PAULO	261,696	223,822	160,845	122,265	25,134	0	0	0	0	0	25,929	14,364	166,468
EULER HERMES SEGUROS DE CRÉDITO S.A.	3,008	198	142	34	(398)	0	0	0	0	0	1,460	(425)	7,297
EULER HERMES SEGUROS DE CRÉDITO À EXPORTAÇÃO S.A.	678	29	0	0	(9)	0	0	0	0	0	346	148	8,381
FEDERAL DE SEGUROS S.A.	30,508	24,733	8,180	11,037	4,213	0	0	0	0	0	5,234	246	26,989
FEDERAL VIDA E PREVIDÊNCIA S.A.	0	0	0	0	0	0	0	0	0	0	32	0	1,800
FINASA SEGURADORA S.A.	0	0	0	0	0	0	0	0	0	0	392	176	9,416
GENERALI DO BRASIL CIA NACIONAL DE SEGUROS	134,810	86,907	65,706	55,438	19,082	0	0	0	0	0	17,978	1,060	71,224
GENTE SEGURADORA S.A.	7,718	3,842	260	2,853	67	0	0	0	0	0	1,106	30	6,086
GERLING SUL AMÉRICA S.A. SEGUROS INDUSTRIAIS	15,338	7,495	10,295	5,391	731	0	0	0	0	0	2,730	(299)	9,725
GOLDEN CROSS SEGURADORA S.A.	0	2	0	(52)	1	0	0	0	0	0	2,550	(885)	45,102
GRALHA AZUL SAÚDE S.A.	10,577	11,214	8,899	8,150	236	0	0	0	0	0	724	2,162	16,796
HANNOVER INTERNATIONAL SEGUROS S.A.	136,175	126,627	103,404	89,738	28,045	0	0	0	0	0	23,859	1,368	71,286
HSBC SEGURO SAÚDE S.A.	(16)	(7)	1,005	901	0	0	0	0	0	0	729	2,092	57,820
HSBC SEGUROS (BRASIL) S.A.	348,569	338,795	216,712	196,174	45,497	0	0	0	0	0	56,351	51,723	350,727
HSBC VIDA E PREVIDÊNCIA (BRASIL) S.A.	123,295	22,660	0	5,535	162	202,849	632	12,458	64,205	6,897	18,601	5,733	39,656
ICATU HARTFORD SEGUROS S.A.	141,211	119,261	53,515	74,418	16,350	136,370	6,467	9,744	60,592	2,636	33,903	24,563	244,035
INDIANA SEGUROS S.A.	132,725	126,736	99,771	85,900	30,634	0	0	0	0	0	26,095	1,361	55,579
INTERBRAZIL SEGURADORA S.A.	66,925	29,944	13,929	15,804	4,334	0	0	0	0	0	11,031	(949)	20,024
INVESTPREV SEGUROS E PREVIDÊNCIA S.A.	2,167	473	0	(2)	0	11,583	6	3,097	2,582	0	369	343	7,360
ITAÚ PREVIDÊNCIA E SEGUROS S.A.	1,306,622	188,251	30,469	47,096	25,678	344,766	2,786	62,373	133,039	1,057	60,684	183,822	2,010,343
ITAÚ SEGUROS S.A.	923,289	696,138	495,922	396,660	150,198	0	0	0	0	0	153,441	270,436	2,474,438
ITAUSEG SAÚDE S.A.	36,650	34,384	58,704	58,713	47	0	0	0	0	0	1,025	(20,781)	104,723
J. MALUCELLI SEGURADORA S.A.	35,087	5,722	(268)	2,672	(4,005)	0	0	0	0	0	4,846	4,749	27,307

The Insurance Companies

1st Six months of 2004, as at 30th of June 2004

R\$ thousands

Insurance Companies	Insurance Segment (1)					Complementary Pension Plans Segment (2)					Both Segments (1 and 2)		
	Total Premium	Net Premium	Claims Losses	Net Commercial Claims	Commercial Expenses	Contributors	Benefits Paid	Total Liquidation	Partial Liquidation	Commercial Expenses	Management Expenses (*)	Net Profit	Net Worth
JAVA NORDESTE SEGUROS S.A.	6,958	3,272	0	2,532	0	0	0	0	0	0	626	7	1,442
KYOEI DO BRASIL COMPANHIA DE SEGUROS	12,883	9,875	1,539	7,455	626	0	0	0	0	0	3,658	(457)	23,388
LIBERTY PAULISTA SEGUROS S.A.	279,082	245,726	185,641	170,744	52,288	0	0	0	0	0	64,813	1,032	132,416
MAPFRE SEGURADORA DE GARANTIAS E CRÉDITO	16,211	293	0	29	(2,019)	0	0	0	0	0	1,471	1,459	16,793
MARÍTIMA SAÚDE SEGUROS S.A.	108,309	105,494	78,089	76,241	7,005	0	0	0	0	0	19,868	3,149	25,340
MARÍTIMA SEGUROS S.A.	276,535	236,743	152,282	129,823	54,988	0	0	0	0	0	64,826	4,297	143,077
MAXLIFE SEGURADORA DO BRASIL S.A.	258	115	0	35	15	0	0	0	0	0	159	(155)	3,502
MBM SEGURADORA S.A.	4,265	4,254	1,581	1,685	478	0	0	4	0	0	1,708	58	7,213
METROPOLITAN LIFE SEGUROS E PREVIDÊNCIA	79,438	72,010	37,101	38,683	19,069	4,269	34	1,104	1,129	0	29,914	(7,199)	63,349
MINAS BRASIL SEGUR. VIDA E PREVIDÊNCIA S.A.	0	0	0	0	0	0	0	0	0	0	163	180	8,763
MITSUI SUMITOMO SEGUROS S.A.	97,320	64,669	64,051	51,660	12,493	0	0	0	0	0	14,528	220	122,085
MONGERAL S.A. SEG. E PREV.	569	569	0	0	85	17,710	5,693	1,186	921	7,052	8,889	488	19,944
NATIONALE NEDERLANDEN	0	0	0	(5)	0	0	0	0	0	0	148	608	11,317
NATIONWIDE MARÍTIMA VIDA E PREVIDÊNCIA S.A.	54,266	44,703	16,450	24,264	13,864	33,984	4	7,292	6,268	186	24,590	(16,937)	70,016
NOBRE SEGURADORA DO BRASIL S.A.	22,894	15,272	4,956	6,601	3,462	0	0	0	0	0	5,256	145	14,969
NOTRE DAME SEGURADORA S.A.	44,848	44,847	36,705	37,643	1,007	0	0	0	0	0	5,751	560	18,670
PANAMERICANA DE SEGUROS S.A.	29,962	25,281	3,883	7,634	470	0	0	0	0	0	11,720	2,129	50,359
PARANA CIA. DE SEGUROS	11,208	5,272	321	5,307	0	0	0	0	0	0	2,345	128,247	1,168,547
PHENIX SEGURADORA S.A.	25,084	35,733	29,017	29,091	12,768	0	0	0	0	0	5,931	21,808	46,864
PORTO SEGURO - SEGURO SAÚDE S.A.	210,841	209,955	154,043	152,467	14,221	0	0	0	0	0	35,209	12,997	106,679
PORTO SEGURO CIA. DE SEGUROS GERAIS	958,390	880,406	564,715	503,050	212,240	0	0	0	0	0	217,257	64,351	725,122
PORTO SEGURO VIDA E PREVIDÊNCIA S.A.	7,844	1,232	611	87	976	46,755	320	12,872	6,986	1,514	4,666	4,243	96,174
PQ SEGUROS S.A.	7,332	3,449	10	2,778	0	0	0	0	0	0	2,937	(514)	14,304
PRUDENTIAL DO BR SEGUROS DE VIDA	38,093	14,736	2,024	6,027	4,216	0	0	0	0	0	25,923	(11,249)	39,536
QBE BRASIL SEGUROS S.A.	25,560	18,410	7,835	8,857	3,638	0	0	0	0	0	5,496	292	17,619
REAL PREVIDÊNCIA E SEGUROS S.A.	531,578	447,999	312,714	295,423	70,073	0	0	9	0	0	74,512	26,338	379,895
REAL VIDA E PREVIDÊNCIA S.A.	158,661	262	0	7	0	73,816	8,124	18,288	44,366	153	15,077	3,370	81,698
RIO BRANCO SEGURADORA S.A.	0	0	0	0	0	0	0	0	0	0	0	0	0
ROYAL & SUNALLIANCE SEGUROS (BRASIL) S.A.	77,095	69,489	43,440	30,896	14,930	0	0	0	0	0	19,757	8,976	91,784
RURAL SEGURADORA S.A.	11,263	11,073	3,643	2,339	362	0	0	0	0	0	1,895	9,895	84,307
SABEMI SEGURADORA S.A.	6,962	6,993	626	745	1,874	43	18	9	0	0	3,618	378	21,565
SAFRA SEGUROS S.A.	46,194	24,007	20,630	6,843	42	9,237	79	3,608	3,849	0	9,647	11,723	95,188
SAFRA SEGUROS GERAIS S.A.	0	0	0	0	0	0	0	0	0	0	81	1,101	8,301
SALUTAR SAÚDE SEGURADORA S.A.	939	937	756	685	2	0	0	0	0	0	191	310	6,204
SANTA CATARINA SEGUROS E PREVIDÊNCIA S.A.	3,120	3,033	3,350	1,750	460	190	0	349	262	0	1,181	(592)	2,551
SANTANDER BANESPA SEGUROS S.A.	1,358	150	53	89	136	0	0	0	0	0	83	914	8,114
SANTANDER SEGUROS S.A.	246,678	37,484	26,828	31,348	5,433	231,369	643	38,141	74,197	0	18,496	32,164	237,389
SANTOS CIA. DE SEGUROS, GARANTIAS E CRÉDITO	29	21	98	26	(41)	0	0	0	0	0	151	311	8,545
SANTOS SEGURADORA S.A.	41,230	32,277	12,379	15,379	6,230	849	0	734	398	0	6,014	2,043	26,833
SAEPAR SEGURO SAÚDE S.A.	849,579	847,095	714,376	734,145	50,583	0	0	0	0	0	80,392	(7,792)	358,781
SEGURADORA BRASILEIRA DE CRÉDITO À EXPORTAÇÃO S.A.	6,049	1,260	3,315	654	(1,452)	0	0	0	0	0	4,835	1,505	13,650
SEGURADORA BRASILEIRA RURAL S.A.	2,042	187	7,182	33	(968)	0	0	0	0	0	989	364	8,831
SEGURADORA DE CRÉDITO DO BRASIL S.A.	0	0	0	0	0	0	0	0	0	0	612	(146)	7,372
SEGURADORA ROMA S.A.	39,688	34,555	13,844	14,825	13,201	0	0	0	0	0	6,461	606	23,139
SINAF PREVIDENCIAL CIA. DE SEGUROS	10,659	6,716	678	3,228	1,219	0	0	0	0	0	1,441	299	4,864
SOMA SEGURADORA S.A.	11,988	7,491	10,793	1,487	1,023	20	0	15	31	0	6,969	(169)	6,678
SUDAMERIS GENERALI CIA. NAC. DE SEG. E PREV. S.A.	10,151	8,551	2,616	2,006	3,106	24,754	645	13,498	8,303	174	2,734	3,726	20,882
SUL AMÉRICA CIA. DE SEGURO SAUDE S.A.	652,375	649,155	544,074	563,128	1,570	0	0	0	0	0	95,666	(13,622)	858,791
SUL AMÉRICA CIA. NACIONAL DE SEGUROS	903,271	695,470	520,629	453,088	158,117	0	0	0	0	0	142,638	13,407	1,054,239
SUL AMÉRICA SEGUROS DE VIDA E PREVIDÊNCIA S.A.	173,146	159,303	108,653	122,797	34,383	60,725	13,106	10,624	14,172	3,391	23,783	(11,896)	165,985
SULINA SEGURADORA S.A.	23,696	10,303	3,802	4,588	177	0	0	0	0	0	4,491	1,018	8,830
TOKIO MARINE BRASIL SEGURADORA S.A.	124,296	99,208	70,644	65,550	18,704	0	0	0	0	0	23,290	4,847	112,303
UBF GARANTIAS & SEGUROS S.A.	32,940	4,074	1,595	2,950	(2,472)	0	0	0	0	0	3,738	1,129	14,489
UNIÃO NOVO HAMBURGO SEGUROS S.A.	141,807	124,445	143,496	151,122	24,920	0	0	0	0	0	49,667	(87,213)	39,622
UNIBANCO AIG SAUDE SEGURADORA S.A.	59,500	59,817	46,904	46,956	4,335	0	0	0	0	0	2,540	3,890	41,652
UNIBANCO AIG PREVIDÊNCIA S.A.	189,669	5,965	0	2,747	3,911	595,277	20,248	90,366	142,104	5,612	19,374	26,995	167,815
UNIBANCO AIG SEGUROS S.A.	1,134,049	709,785	545,506	394,133	122,557	0	0	0	0	0	122,570	137,760	1,294,027
UNIMED SEGURADORA S.A.	34,466	34,109	36,376	24,185	117	11,994	602	3,613	3,400	212	9,905	2,156	44,834
UNIMED SEGUROS SAUDE S.A.	46,287	46,286	33,519	34,165	1,594	0	0	0	0	0	8,996	2,109	23,111
VANGUARDA COMPANHIA DE SEGUROS GERAIS	0	0	0	(0)	0	0	0	0	0	0	98	53	3,259
VERA CRUZ SEGURADORA S.A.	451,804	339,088	287,292	238,647	76,187	0	0	0	0	0	58,088	9,783	184,074
VERA CRUZ VIDA E PREVIDÊNCIA S.A.	171,144	166,266	56,836	73,863	60,104	27,209	2,753	1,800	14,285	84	19,030	1,940	78,126
XL INSURANCE BRAZIL SEGURADORA S.A.	12,987	7,327	1,811	1,061	734	0	0	0	0	0	6,142	1,025	56,628
YASUDA SEGUROS S.A.	148,047	123,894	95,097	80,552	23,639	0	0	0	0	0	24,020	12,288	102,108
ZURICH BRASIL SEGUROS S.A.	97,437	36,712	19,136	15,226	5,640	0	0	0	0	0	12,186	1,392	34,386
TOTAL COMPANHIAS DE SEGUROS	21,195,109	14,042,244	9,983,237	9,552,575	2,170,671	3,886,320	275,277	895,237	1,288,553	95,686	2,894,139	2,117,312	25,020,104

(1) Include tax expenses

Sources: SUSEP and ANS

The Insurance Companies

1st Six months of 2004, as at 30th of June 2004

R\$ thousands

Insurance Companies	Insurance Segment (1)				Complementary Pension Plans Segment (2)				Both Segments (1 and 2)			
	Total Premium	Net Premium	IClaims	Net Commercial Claims Expenses	Contributors	Benefits Paid	Total Liquidation	Partial Liquidation	Commercial Expenses	Management Expenses (*)	Net Profit	Net Worth
ACVAT - PREVIDÊNCIA PRIVADA					401	267	0	0	1	265	3	3,481
APLUB - PREVIDÊNCIA PRIVADA					25,654	14,282	2,662	0	2,024	6,718	665	67,304
ARC PREVIDÊNCIA PRIVADA					190	15	144	0	15	233	(305)	4,428
ARCESP PREVIDÊNCIA					43	1	0	0	0	72	(15)	1,470
ASPECIR PREVIDÊNCIA					1,973	201	0	0	444	1,386	1,640	7,812
BAMÉRICO S/A PREVIDÊNCIA PRIVADA					13	0	0	0	0	427	(1,087)	6,948
BOSTON PREVIDÊNCIA PRIVADA					0	0	0	0	0	0	(166)	9,139
CAPEMI - CX. PEC. PENS. E MONTEP					108,565	65,174	3,649	0	4,049	44,219	38,424	274,024
EMPRESARIAL DE PREVIDÊNCIA PRIVADA					202	0	0	0	33	278	(5)	1,410
EQUATORIAL PREVIDÊNCIA PRIVADA					435	27	0	0	115	519	129	3,429
FAMÍLIA BANDEIRANTE PREVIDÊNCIA PR					1,123	19	16	0	17	236	721	1,785
GBOEX - GRÊMIO BENEFICIENTE					47,018	44,299	595	34	2,339	14,786	3,523	231,475
LUTERPREV- ENTIDADE LUTERANA DE PR					1,259	103	185	290	29	420	1,055	1,927
MBM PREVIDÊNCIA PRIVADA					5,448	3,421	212	0	351	4,329	1,419	30,614
MONGERAL PREVIDÊNCIA PRIVADA					17,064	5,572	990	515	0	0	0	0
NEWPREV PREVIDÊNCIA PRIVADA S/A					0	0	0	0	0	12	(12)	361
NOSSA CAIXA PREVIDÊNCIA S/A					2,301	0	2	2	30	1,368	151	23,825
PECULIO ABRAHAM LINCOLN - AMAL					2,263	581	90	0	386	1,350	3,149	19,723
PECÚLIO UNIÃO PREVIDÊNCIA PRIVADA					825	130	9	0	0	675	455	7,802
PREVBRAS SOCIEDADE NAC DE PREVIDÊN					217	3	172	0	3	205	13	900
PREVICORP PREVIDÊNCIA PRIVADA					147	8	0	0	0	103	53	1,637
PREVIMIL SOCIEDADE PREVIDÊNCIA PRI					1,648	872	35	0	466	2,202	68	2,337
RECÍPROCA ASSISTÊNCIA					2,019	815	503	0	138	913	(170)	6,053
RSPP PREVIDÊNCIA PRIVADA					6,637	2,357	781	0	1,222	(9,738)	(3,697)	15,344
SABEMI PREVIDÊNCIA PRIVADA					418	124	0	0	12	226	41	1,286
SOCIEDADE AUXILIADORA					525	90	133	0	60	520	(388)	5,068
SOCIEDADE CAXIENSE DE MÚTUO SOCORR					64	73	12	0	0	263	(8)	5,842
SUCV UNIÃO DE PREVIDÊNCIA					342	248	1	0	7	460	(247)	3,104
UNIÃO PREVIDÊNCIA COMETA DO BRASIL					2,720	344	27	0	522	1,200	1,918	17,424
UNIPREV UNIÃO PREVIDENCIÁRIA					1,613	11	0	0	0	629	656	4,880
UPOFA UNIÃO PREVIDENCIAL					486	70	0	0	226	329	413	7,818
Total EAPC's					231,612	139,107	10,217	841	12,489	74,606	48,394	768,647
Total Insurance and Open-End Pensions	21,195,109	14,042,244	9,983,237	9,552,575	2,170,671	4,117,932	414,384	905,454	1,289,394	108,176	2,165,706	25,788,751

(1) Include tax expenses

Sources: SUSEP and ANS

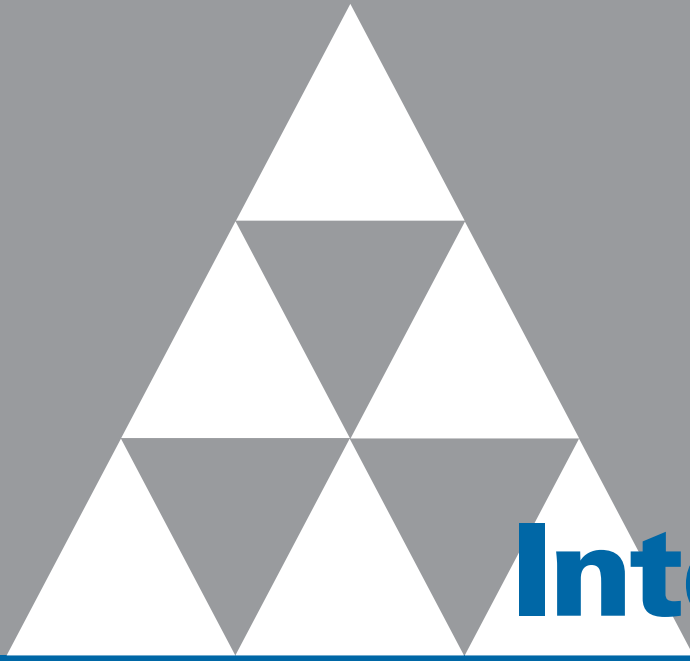
The Capitalization Companies 1st Six months of 2004, as at 30th of June 2004

R\$ thousands

Capitalization Companies	Receipts	Technical Reserves	Total Liquidation	Partial Liquidation	Commercial Expenses	Management Expenses (*)	Net Profit	Net Worth
Alfa Capitalização S.A.	0	0	0	0	0	708	(113)	8,258
Aplub Capitalização	6,324	6,837	2,277	0	602	1,288	233	13,241
Atlântica Capitalização S.A.	0	0	0	0	0	182	549	13,388
Bradesco Capitalização S.A.	702,445	2,008,792	546,412	0	201	46,784	133,116	454,399
Brasilcap Capitalização S.A.	802,933	2,110,973	527,692	68,733	58,029	22,551	66,163	121,798
Caixa Capitalização S.A.	223,290	959,403	196,641	0	11,414	19,988	17,335	143,583
Cia Itaú de Capitalização S.A.	425,618	991,337	341,169	0	14,484	65,190	78,826	806,028
Creficap Capitalização S.A.	0	0	0	0	0	143	(143)	4,396
Global Capitalização S.A.	0	0	0	0	0	116	127	6,363
Horizonte Capitalização S.A.	67	16	22	0	0	107	1	677
Hsbc Capitalização (Brasil) S.A.	0	54,857	3,264	0	0	1,045	1,084	20,922
Hsbc Financial Capitalização	82,318	179,653	26,819	0	62	8,069	11,405	35,742
Icatu Hartford Capitalização S.A.	277,618	864,347	218,978	0	28,068	36,570	9,613	68,563
Liderança Capitalização S.A.	168,785	324,533	68,350	0	34,396	64,954	9,272	240,367
Motrin Capitalização S.A.	0	0	0	0	0	44	129	2,794
Real Capitalização S.A.	107,393	265,536	59,678	0	7,128	11,864	4,589	64,175
Rural Capitalização S.A.	0	0	0	0	0	183	664	14,863
Santander Capitalização S.A.	137,876	309,285	44,294	0	2,181	6,546	18,250	39,030
Santos Capitalização S.A.	17,689	18,342	8,314	0	268	6,892	20	14,652
Sul América Capitalização S.A.	106,790	294,449	93,663	0	6,064	30,643	9,818	178,874
Unibanco Companhia de Capitalização	138,982	319,108	74,557	0	22,486	4,889	44,940	356,517
Total	3,198,127	8,707,469	2,212,130	68,733	185,383	328,755	405,881	2,608,629

(1) Include tax expenses

Source: SUSEP



International Insurance Industry

World Market

The world insurance market growth in 2003 was of 11.7% in relation to the year 2002, with a total volume of written premiums of US\$2,941 trillion. This growth was a result of a 15.5 % increase in Non-Life Insurance premiums, whereas Life Insurance premiums only increased by 9%. Nevertheless, Life Insurance still responds for 57% of the total volume of insurance premiums in the world market.

The most developed countries in the world continue to present absolute hegemony over the insurance industry, as the 5 largest national markets respond for 72% of all the written premiums in the world.

The U.S.A. and Japan, in this order, continue to be the largest world insurance markets and jointly are responsible for 52% of the world production of insurance. It should be highlighted, however, that the

North American insurance Industry is 120% larger than the Japanese. These two countries are followed by the four largest economies of Europe: England (8.39%), Germany (5.81%), France (5.57%) and Italy (3.80%).

In 2003, Brazil's total annual volume of Life and Non-Life premiums still ranked as 22nd in the world, in spite of the worsening of the Brazilian economy, which in 2003 went down from the 13th to the 15th position in the world ranking. In 2003, Brazil's premium per capita ratio ranked 55th in the world and premium to GNP ratio ranked 51st. In the Non-Life segment there was a significant movement - from 16th to 19th in the ranking. In Brazil, Life Insurance still has a smaller dimension in relation to Non-Life Insurance, differently to what occurs in the more developed markets; therefore, it still shows its potential growth.

World Insurance Industry – 2003/2002

Premium (US\$ million)

Country	Life				Non-Life				Life + Non-Life				% Share	
	Ranking 2003	Premium 2003	Ranking 2002	Premium 2002	Ranking 2003	Premium 2003	Ranking 2002	Premium 2002	Ranking 2003	Premium 2003	Ranking 2002	Premium 2002	Individual	Accumulated
EEUU	1º	480,919	1º	480,452	1º	574,579	1º	525,533	1º	1,055,498	1º	1,005,985	35.89%	35.89%
Japão	2º	381,335	2º	353,909	2º	97,530	2º	92,031	2º	478,865	2º	445,940	16.28%	52.18%
Inglaterra	3º	154,842	3º	159,758	4º	91,891	3º	77,076	3º	246,733	3º	236,834	8.39%	60.57%
Alemanha	5º	76,738	5º	60,860	3º	94,073	4º	74,916	4º	170,811	4º	135,776	5.81%	66.38%
França	4º	105,436	4º	80,310	5º	58,244	5º	44,832	5º	163,680	5º	125,142	5.57%	71.94%
Itália	6º	71,694	6º	52,444	6º	40,066	6º	31,616	6º	111,760	6º	84,060	3.80%	75.74%
Coréia do Sul	7º	41,998	7º	40,190	11º	17,760	10º	16,530	7º	59,758	7º	56,720	2.03%	77.77%
Canadá	12º	22,841	13º	20,683	7º	36,303	7º	27,747	8º	59,144	8º	48,430	2.01%	79.79%
Holanda	9º	25,371	11º	20,842	9º	24,895	9º	18,917	9º	50,266	10º	39,759	1.71%	81.50%
Espanha	16º	20,042	9º	24,939	8º	26,972	8º	20,466	10º	47,014	9º	45,405	1.60%	83.09%
China	8º	32,442	8º	25,202	13º	14,468	13º	11,760	11º	46,910	11º	36,962	1.60%	84.69%
Suíça	10º	24,713	10º	22,303	12º	16,047	12º	13,238	12º	40,760	12º	35,541	1.39%	86.08%
Austrália	13º	22,341	14º	19,971	10º	18,044	11º	13,748	13º	40,385	13º	33,719	1.37%	87.45%
Bélgica	14º	21,004	16º	13,878	14º	12,810	14º	9,999	14º	33,814	15º	23,877	1.15%	88.60%
Taiwan	11º	23,739	12º	20,765	16º	8,662	15º	7,949	15º	32,401	14º	28,714	1.10%	89.70%
África do Sul	15º	20,728	15º	16,592	25º	4,670	26º	2,983	16º	25,398	16º	19,575	0.86%	90.56%
Suécia	17º	14,297	18º	10,947	20º	6,742	21º	4,992	17º	21,039	17º	15,939	0.72%	91.28%
Irlanda	22º	9,037	22º	6,823	18º	8,291	20º	5,988	18º	17,328	21º	12,811	0.59%	91.87%
Índia	18º	13,590	17º	11,515	28º	3,712	25º	3,149	19º	17,302	18º	14,664	0.59%	92.46%
Dinamarca	20º	10,944	21º	8,379	22º	5,793	22º	4,684	20º	16,737	19º	13,063	0.57%	93.03%
Áustria	24º	6,586	24º	5,378	17º	8,410	18º	6,589	21º	14,996	23º	11,967	0.51%	93.54%
Brasil *	25º	6,306	26º	4,756	19º	8,259	16º	7,865	22º	14,565	22º	12,621	0.50%	94.03%
Finlândia	19º	11,065	19º	9,170	31º	3,058	27º	2,456	23º	14,123	24º	11,626	0.48%	94.51%
Rússia	29º	4,868	28º	3,318	15º	9,220	19º	6,266	24º	14,088	26º	9,584	0.48%	94.99%
Hong Kong	21º	10,117	20º	8,400	33º	2,377	28º	2,342	25º	12,494	25º	10,742	0.42%	95.42%
Noruega	27º	6,031	25º	4,901	23º	5,501	23º	4,504	26º	11,532	27º	9,405	0.39%	95.81%
México	30º	4,230	23º	5,995	21º	6,690	17º	6,941	27º	10,920	20º	12,936	0.37%	96.18%
Portugal	26º	6,122	27º	4,207	24º	4,688	24º	3,789	28º	10,810	28º	7,996	0.37%	96.55%
Demais		43,138		37,174		58,402		49,506		101,540		86,680	3.45%	100.00%
Total		1,672,514		1,534,061		1,268,157		1,098,412		2,940,671		2,632,473	100.00%	

* Does not include Capitalization data.

Sources: Swiss Re, Sigma nº 3/2004

Latin America

In 2003, the Brazilian Insurance industry consolidated itself as the largest one in Latin America, with a volume of annual premiums 33% larger than that of the Mexican insurance industry, which ranked 2nd.

Brazilian Non-Life Insurance annual premium volume has traditionally ranked in the first position in Latin America and, in 2003, its share of the total written premiums for non-life insurances in the region was 32.0%. In the Life segment, the participation of Brazil in 2003 was raised to the 1st place with participation of 39.2% of the total volume of written premiums.

As for the density of the insurance (Premium per capita), it remains extremely low in almost all the Latin American countries with the exception of the Bahamas and

Barbados, being less than US\$100 in more than half of the countries whereas the average in the developed countries is US\$1,000 per capita. Brazil is situated in 10th place in relation to Premium per capita, which also demonstrates its potential growth. The volume of premiums per capita in Brazil grew from US\$ 72,2 in 2002 to US\$ 82,6 in 2003, US\$ 35,8 in the life sectors and US\$ 46,8 in the non-life.

With reference to the penetration of insurance (Premium x GNP relationship) Brazil is situated in 7th place amongst the Latin American countries, a low average of penetration in the other countries also being evidenced with the exception of the Bahamas and Barbados where levels of penetration are similar to those of industrialized countries.

Latin American Insurance Industry - 2003/2002

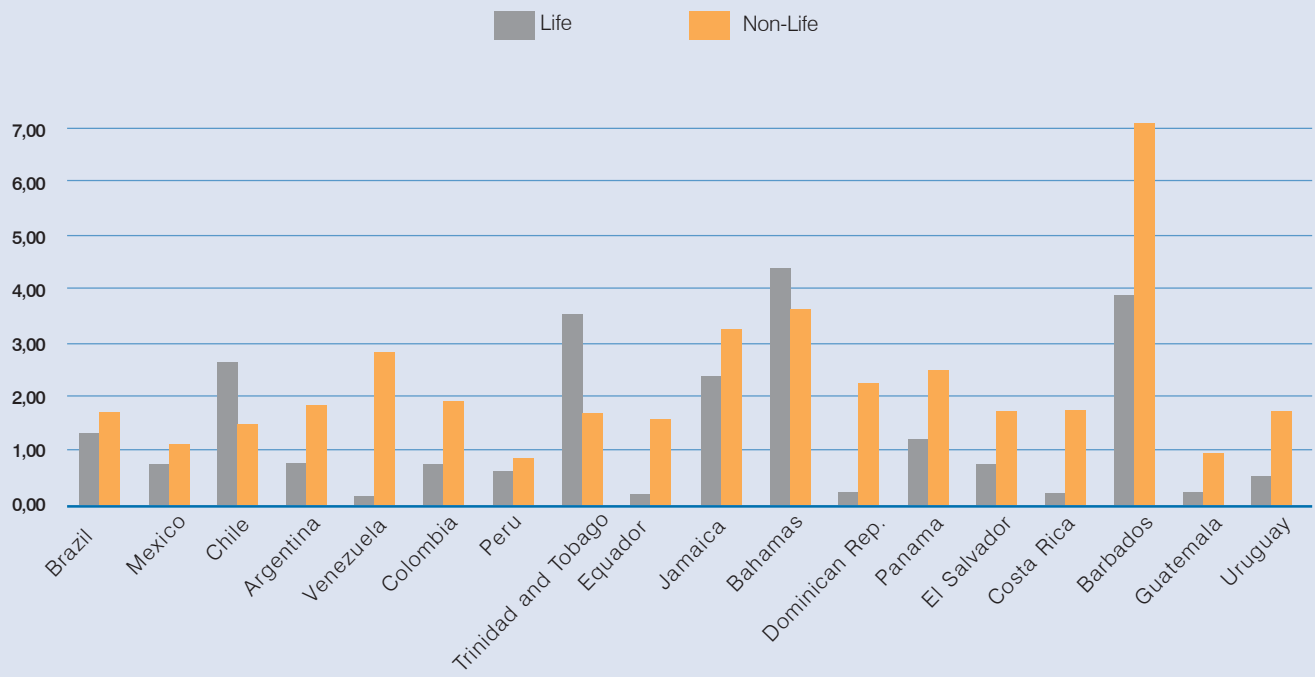
Premium - US\$ million

Life				Non-Life				Life and Non-Life								
Ranking		Premium		Ranking		Premium		Ranking		Country	Premium		Premium per capita (US\$)		Share of GNP (%)	
2003	2002	2003	2002	2003	2002	2003	2002	2003	2002		2003	2002	2003	2002	2003	2002
1 ^o	2 ^o	6,306	4,756	1 ^o	1 ^o	8,259	7,865	1 ^o	2 ^o	Brazil	14,565	12,621	82,6	72,2	2.96%	2.79%
2 ^o	1 ^o	4,230	5,995	2 ^o	2 ^o	6,690	6,941	2 ^o	1 ^o	Mexico	10,920	12,936	106,5	126,7	1.80%	2.01%
3 ^o	3 ^o	2,171	1,624	6 ^o	6 ^o	1,225	974	3 ^o	3 ^o	Chile	3,396	2,598	216,3	165,6	4.09%	4.04%
4 ^o	4 ^o	928	743	3 ^o	4 ^o	2,365	1,651	4 ^o	4 ^o	Argentina	3,293	2,394	85,9	62,9	2.54%	2.35%
13 ^o	13 ^o	65	62	4 ^o	3 ^o	2,093	1,964	5 ^o	6 ^o	Venezuela	2,158	2,027	84,5	81,3	2.89%	2.06%
5 ^o	5 ^o	548	550	5 ^o	5 ^o	1,449	1,577	6 ^o	5 ^o	Colombia	1,998	2,127	45,1	48,3	2.56%	2.62%
6 ^o	7 ^o	366	232	7 ^o	8 ^o	507	444	7 ^o	7 ^o	Peru	873	676	32,1	25,3	1.44%	1.19%
7 ^o	6 ^o	348	327	18 ^o	18 ^o	162	153	8 ^o	9 ^o	Trinidad and Tobago	510	480	383,9	381,6	5.11%	5.02%
16 ^o	17 ^o	46	35	8 ^o	9 ^o	412	369	9 ^o	11 ^o	Equador	458	403	34,4	23,7	1.72%	1.54%
9 ^o	9 ^o	173	189	13 ^o	11 ^o	236	258	10 ^o	10 ^o	Jamaica	410	447	155,1	171,1	5.56%	5.57%
8 ^o	8 ^o	223	217	17 ^o	16 ^o	183	178	11 ^o	12 ^o	Bahamas	405	395	1,274,1	1,248,6	7.98%	8.81%
17 ^o	16 ^o	33	42	9 ^o	7 ^o	368	473	12 ^o	8 ^o	Dominican Rep.	400	515	45,7	60,4	2.43%	2.42%
10 ^o	10 ^o	127	122	11 ^o	12 ^o	261	246	13 ^o	13 ^o	Panama	388	368	129,7	127,3	3.64%	3.34%
11 ^o	11 ^o	104	95	12 ^o	13 ^o	246	229	14 ^o	15 ^o	El Salvador	350	324	52,7	49,7	2.35%	2.28%
18 ^o	18 ^o	28	29	10 ^o	10 ^o	290	314	15 ^o	14 ^o	Costa Rica	318	342	79,1	86,7	1.88%	2.03%
12 ^o	12 ^o	99	86	15 ^o	17 ^o	189	174	16 ^o	17 ^o	Barbados	288	260	1,064,1	820,1	11.29%	8.86%
15 ^o	15 ^o	48	44	14 ^o	14 ^o	222	215	17 ^o	18 ^o	Guatemala	271	259	22,0	21,6	1.12%	1.15%
14 ^o	14 ^o	52	59	16 ^o	15 ^o	185	208	18 ^o	16 ^o	Uruguay	238	267	69,9	80,8	2.16%	2.45%
		175	196			459	532			Others	634	728				
		16,070	15,403			25,801	24,765			Total	41,873	40,167	78,3	75,5	2.45%	2.39%

* Does not include Capitalization data.

Sources: Swiss Re, Sigma n° 3/2004

Share of GNP - 2003



Sectorial Plan

The 2nd Sectorial Plan for the Insurance Industry was launched during the investiture ceremony of the fifth mandate of president João Elísio Ferraz de Campos as the head of FENASEG, on May 11th of 2004.

The Plan defines the vectors for institutional action, operation, and production of the insurance industry, Open-end Complementary Pensions Funds and Capitalization business over the next years.

The Plan is divided into four parts. The 1st part – **A Retrospective View** - does the mapping of the various programs previously published. The principal points of reference were the Director Plan of the Insurance System, Capitalization and Complementary Pensions produced in the Ministries of the Economy, Finance and Planning of the Federal Government in 1992, and the First Sectorial Plan for the Insurance Industry prepared by FENASEG in 1994, under the first administration of the current president.

The analysis of the diverse institutional documents produced throughout these 12 years and the comparison with the 2nd Plan shows the phases of modernization and growth through which the sector passed and the advances in relation to the demands of the time. Recurring problems are also observed as referent to the monopolies of reinsurance and workers compensation insurance, themes present since the 1st Plan in 94. Preoccupation with the timidity of the insurance base, the retracted demand in the industrial area, the need for better understanding by society, the opinion formers and especially the consumer was noted and also the exaggerated normative presence of the State. For old problems, modern solutions. And for current difficulties, immediate solutions.

The 2nd part of the Plan – *Potentials for Growth* - deals with the importance of the insurance industry for the development of the country, for social protection of the

citizens and the productive sector and the potential for growth.

Quantitatively translating, the insurance industry, in its large numbers the Plan shows that the sector, which currently responds for more than 3.4% of the GNP and employs more than 210 thousand persons, presents extremely favorable conditions for its growth.

In 2003, the sum of the technical reserves and the net worth of all the companies that operate in the country went beyond 95 billion.

Separately, the volume of technical reserves is equivalent to more than 6% of the GNP. And if the reserves of the Closed Pension Funds are added, these reserves represent 20% of the Brazilian GNP.

In developed countries the insurance industry plays an important role in channeling resources for financing the economy through the formation of long term savings and the investment of reserves. This qualifies the insurance industry as an institutional investor.

In Brazil, they are also strategic sectors in the formation of domestic savings and financing agents of the economy, since there are the only segments that put an amount of reserves of this size at the disposal of the country.

One aspect still not well known by public opinion is the social function of the insurance industry which is well reflected in the extension and quality of the protection that is assured to the productive agents and the families: in 2003, approximately R\$ 20 billion was paid in indemnities to insured parties. This amount represents close on 70% of the total volume of premiums collected by the Insurers.

In the Health Insurance segment alone, more than

R\$ 5,6 billion was paid by insurers in the coverage of more than 100 million medical-hospital procedures.

The Plan is explicit then in the fact that the importance of the insurance industry for the country very much transcends the limits of fulfillment of contractually assumed obligations by the companies in face of the consumer. It shows that given the nature of its operations, the industry assumes great relevance as a strategic sector for the formation of domestic savings and financial agent of the economy.

In its third part – *The Market and the State* – the 2nd Sectorial Plan registers the marked change in relations between economic agents and government. It is undeniable that the state logic of regulation and supervision has evolved in the sense of a more developing function, clearly perceived in the emphasis that has been given, above all by SUSEP, to the modernization of the products – and to the improvement of relations of the companies with the consumer.

In consonance with this new posture, the insurance market proposed to operate jointly with the government and public and private institutions aiming at its institutional reorganization, unification and strengthening of the structure of the regulation and supervision of the national system of private insurance.

In practical terms, this intended reorganization implies, for example, the institutional and regulatory redefinition of the current model of the reinsurance industry in Brazil, transferring to SUSEP what still remains of the regulatory and supervisory powers in the jurisdiction of the IRB-Brasil Re. It also presupposes the perfecting of legal and regulatory mechanisms that insert within the ambit of the CNSP and SUSEP the original and exclusive competence to regulate and supervise all and any activity that may be technically and legally characterized as Insurance. Above all, the industry intends to support

the government in every effort that it directed to the legal redefinition and institutional strengthening of SUSEP, to amplify the character of development agent of the market besides its functions as a regulatory and supervisory body.

In terms of strengthening and modernization of the structure of regulation, work is going to be done in the sense of the normative simplification of the sector, seeking to increase the freedom of the production and commercialization agents with the unrestricted observance, however, of accountability and solvency requirements.

In this chapter are listed the principal actions – to be taken by the Government – that would contribute to the growth of the sector and consequently the long term reserves, indispensable for leveraging the development of the country. Amongst these actions is the effective abolition of the reinsurance and workers compensation insurance monopolies, the adoption of tax mechanisms that allow and boost the growth of the internal savings, especially in life insurance and pension plans, and measures that allow the reduction of costs in low income products, aiming at widening the insured base.

In this way, the Plan defends the application of zero CPMF tax rate in the movements of provisions and technical reserves assets and funds of the insurance market obligations; the deduction of the acquisition expenses from the calculation base of the PIS and COFINS; the reduction to a zero rate in the IOF for all insurance policies that offer risk coverage of persons, and for other types of insurances a reduction to the rate of 2%; the re-ordering and consolidation of the tax rules applicable to the product of pension character, personal insurance plans and complementary pensions, the elaboration of more flexible norms for personal insurance and Open-end Complementary Pension Funds so as to allow the migration of resources between open-end

plans, close-end plans, FAPI's and FGTS and the development of mechanisms that aim at mitigating risks, allowing the periodical re-agreeing of technical parameters.

Moreover, the insurance industry wants the guarantee that the rules that define the operation of the market will be both stable and long-lasting. Stability will allow citizens to invest with greater tranquility about their future without running the risk that the normative bases will be altered over time.

Finally in the 4th part – *The Insurance Market and its Operations* – the 2nd Sectorial Plan fixed objectives and goals – qualitative and quantitative - of the sector, specifying that actions must be implemented, indicating the strategic option to be followed. The general objective of the programmed actions is to maintain the consistency of the trajectory of evolution of the insurance industry, raising the participation of the sector, over the short term, to the level of 5% of the Brazilian GNP.

The methodology used here was combining the current diagnosis of the insurance sectors with a list of specific actions to take, with the purpose of perfecting procedures, boosting growth of the sector and to better fulfill the greater mission which is the protection of Brazilians and their assets.

As for the institutional aspect, actions are defined that concern the industry in its totality, giving emphasis to the perfecting of the consumption relationships, improvement of the insurance industry image and greater transparency in the making of contracts. It also deals with actions relative to the preparation of insurance professionals for the industry, the improvement of the production and administration of information in the industry, the creation of markets for newer products of popular character and the combating of insurance fraud. The 4th part also deals with the specific themes of the diverse insurance sectors, Open-end Complementary Pensions and Capitalization, combining the analysis of

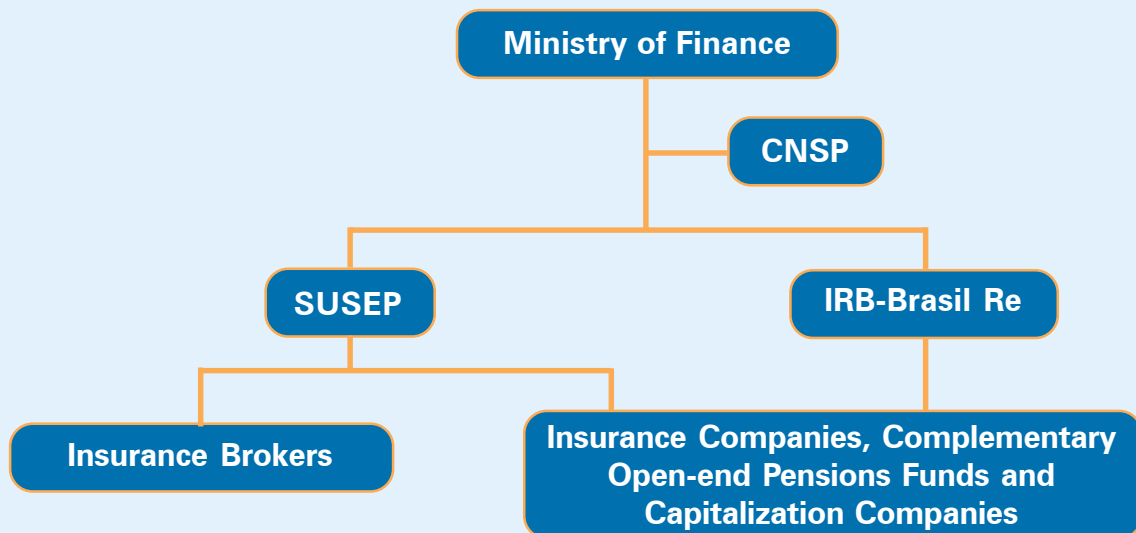
its current situation, diagnosis, and needs with the actions to be developed throughout the next years.

All these actions aim at boosting the insurance industry, Open-end Complementary Pensions and Capitalization to grow with competence and modernity, conditions so that insurance can represent a powerful lever of social inclusion, raising the human development index of the Brazilian society.



National System

of Private Insurance



The Federal Government has the power to formulate the policy governing private insurance, to establish its norms and to inspect the operations in the national market. Decree nº 73, of November 21st of 1966, altered by Laws nº 9.656/98 and nº 10.190/2001, which govern the insurance operations, instituted the National Private Insurance System, composed of the CNSP, SUSEP, IRB-Brasil Re, entities authorized to operate in the Private Insurance Capitalization segment, Open-end Complementary Pensions and include qualified Insurance Brokers.

CNSP – National Council on Private Insurance

It is the responsibility of the CNSP, to set-up the directives and norms of the government policy on private insurance in Brazil.

Composition of the CNSP

Its composition was defined by Decree nº 73/66, later altered by Law nº 10.190, of 14/02/2001. The CNSP is composed of the Minister of State Finance, SUSEP Superintendent and representatives of the Ministry of Justice, Ministry of Welfare and Social Assistance, Central Bank of Brazil and the Securities Commission.

The following are highlighted from the list of activities which are within the exclusive jurisdiction of CNSP:

- To elaborate directives and norms of the policy on private insurance.
- To regulate the constitution, organization, functioning and inspection of those entities that exercise activities subordinate to the National System of Private Insurance as well as the application of the penalties established in the legislation and regulation.
- To determine the general characteristics of contracts of insurance; open-end complementary pensions plans; capitalization; and reinsurance.
- To establish the general directives for the reinsurance operations.
- To judge the appeals on decisions made by SUSEP and IRB.
- To prescribe the constitution criteria for corporate statutes pertaining to Insurance and Capitalization Companies, Open-end Complementary Pension Entities and Reinsurers, fixing the legal and technical limits of their respective operations.
- To regulate both brokerage operations in the market and the insurance broker profession itself.

SUSEP – Superintendence of Private Insurance

Superintendent: Mr. Renê de Oliveira Garcia Junior
In 2004, SUSEP prepared its Strategic Planning where it defines its mission as being: to act in the regulation, supervision, inspection and to give incentive to the *Insurance activity, Open-end Complementary Pensions and Capitalization activities in an agile, efficient, ethical and transparent way, protecting the rights of the consumers and the interests of society in general.*

Amongst its policies, defined as master lines for actions and accepted as being un-negotiable elements of the strategic planning policy, some highlights to be considered:

Protection of Consumer Rights

The main goal is to defend the transparency and integrity of the contractual relations and to foment actions and procedures for the combat of insurance fraud. Included in the directives of this policy are: to ensure transparency in the commercialization of products and to act jointly with the consumer defense bodies.

Policy of Market Promotion

It includes the quantitative and qualitative development of supervised markets. Amongst the directives to be followed in this area is the promotion of new products offers based on clear and long-lasting rules, the search for better corporative incentives and favorable taxation schemes, principally for popular and social products, and stimulate the formation of a long-term savings habit.

Supervision Policy Based on Risks

Supervision and inspection focused on the risk management of the companies, preserving their solvency and economical-financial capacity. For this aim, one of the main directives is to monitor capital adequacy, the operational liabilities and the quality of the assets.

Regulation Policy

Consolidation and simplification of the applicable norms. The objective is to make the norms in effect clear and transparent, to promote the self-regulation of the industry emphasizing the responsibility of its administrators and

professionals; to promote de-regulation eliminating the excess of norms and simplifying procedures.

Information Technology Policy

To implement information technology systems in order to improve the efficiency and reliability of SUSEP's decision making process. Highlighted amongst these directives: to operate jointly with the market, with the aim of unifying the data base and information resources useful for the activities of supervision and inspection and to use digital certification as a control instrument and the safe exchange of information between the industry and SUSEP.

Special Regimes Policy

To give agility and transparency to the settlement procedures, tax direction and intervention. To propose revision of the legislation, standardization of procedures, perfecting and updating of the follow-up and control routines applied to companies under special regime.

Specific Actions Policy

To prepare norms that propitiate portability and migration between the complementary pension plans, to promote the "shielding" of the technical provisions assets and to stimulate and make viable the offer of "popular products".

IRB-Brasil Re

President: Mr. Lidio Duarte

The Reinsurance Institute of Brazil – IRB-Brasil Re was created in 1939 as a mixed public/private company with the objective of regulating the co-insurance, reinsurance and retrocession as well as for promoting the development of insurance operations in the country. The IRB-Brasil Re went into operation one year after its creation, on April the fourth in 1940.

On August 21st of 1996, the Brazilian National Congress approved the Constitutional Amendment nº 13, through which the monopoly of reinsurance was extinguished in Brazil, until then delegated exclusively to the IRB. One year later, on June 17th of 1997, Provisional Measure nº 1578 transformed the IRB into IRB-Brasil Resseguros S.A., a joint shareholder company, remaining as a mixed public and private company with the federal government as the controlling shareholder. The same proportion of 50% participation for the national Insurance companies was maintained.

Its privatization is part of the National Privatization Program (PND), under the command of the BNDES, and it was included in the Letter of Intentions from the Brazilian Government to the IMF in November of 1998. On December 20th of 1999, Law nº 9.932/99 transferred the power to regulate and supervise the reinsurance activities in the country to SUSEP, making viable the privatization of the IRB and the consequent opening of the reinsurance market.

However, in June of 2000 the Labor Party (PT) filed a suit of Unconstitutionality (ADIn) nº 2.223-7 with the Federal High Court (STF).

In this suit the presiding judge granted an injunction, referenced by the Plenary of the STF, suspending the effects of the aforementioned law until final judgment of the ADIn process in question. In the face of such a decision, the auction process of the IRB-Brasil Re and the opening of the reinsurance industry were paralyzed.

On March 29th of 2003, Constitutional Amendment nº 40 was approved, permitting the regulation of Art. 192, which deals with the National Financial System, in parts. In view of this definition, each group of activities of the National Financial System can be regulated by specific Complementary Law.

On 12/06/2003, in the Chamber of Deputies, the Complementary Law Project nº 55/2003 was presented in sequence, transferring the power to regulate and supervise reinsurance and retrocession operations from IRB-Brasil Re to SUSEP.

In July of 2004 in the normal dealings of the Direct Action of Unconstitutionality, the Attorney General of the Republic and the General Advocacy of the Union handed down reports in the sense that the profound alterations in the tenor of Art. 192 of the Constitution made by the Constitutional Amendment nº 40/2003 would have set aside the need for the Complementary Law, which would entail the loss of the object of the ADIn action.

During the period for response to this ruling, the PT Party did not give voice and as such, the records have been sent to the Judgment Minister for final decision on the matter.

It is hoped that in the event the referred to reports are accepted by the STF, the suit may be closed for loss of object, which means the return of the efficacy of Law nº 9.932/99.

Insurance Companies, Complementary Open-end Pensions Funds and Capitalization Companies.

Insurance Companies

The insurance market is operated by insurance companies incorporated under the form of limited liability corporations with nominative shares (Laws nbrs. 6.404/1976 and 10.303/2001).

The Insurers are given authorization to operate in non-life insurances, in life insurance or in both. The Insurers that have authorization to operate exclusively in the life sector can also commercialize pension plans, as set forth by Complementary Law nº 109/2001. To operate in the health sector the Insurers must be specialized, as outlined in Law nº 9.656/98.

The authorization for operation is granted by the Minister of Finance after analysis by the Superintendency of Private Insurance (SUSEP) or by the National Agency of Supplementary Health (ANS), in the case of Insurance Companies specialized in health.

In 2003, 108 Insurance Companies operated with private general insurance and 14 specialized Insurance companies operated with private healthcare plans.

Complementary Open-end Pensions Funds

The Open-end Complementary Pensions plans industry is operated by Insurance Companies that have authorization to operate in the life sector and by non-profit entities that must be incorporated, in both cases, as limited liability corporations with nominative shares, as set forth by Complementary Law nº 109/2001, complementary open-end pensions funds entities are incorporated as non-profit civil companies in compliance with Law nº 6.435/77 and may keep their juridical organization. The authorization for operation is granted by the Minister of Finance after analysis by the Superintendencia of Private Insurance – SUSEP.

The authorization covers operations with pension plans, savings and/or income plans.

In the year of 2003, 39 insurance companies with authorization to operate in the life sector operated open-end plans of complementary pensions. In the same way, 29 non-profit open-end entities operated with pension plans.

Capitalization Companies

The capitalization industry is operated by capitalization companies incorporated under the form of limited liability corporations with nominative shares. The authorization for operation is granted by the Minister of Finance after analysis by the Superintendence of Private Insurance (Susep).

In 2003, 15 capitalization companies commercialized capitalization securities.

Insurance Brokers

The brokers are organized into state trade Associations affiliated to the National Federation of Insurance Brokers (FENACOR). There are currently 67,091 brokers registered as active, 43,575 being individual brokers and 23,516 corporate bodies.

The insurance broker, as a professional individual or a corporate body, is the intermediary authorized to solicit and promote insurance contracts between the Insurance companies and the individuals or corporate bodies of private law, being qualified to intermediate life and non-life insurances, capitalization plans, and open-end complementary pension plans. License to operate as an insurance broker depends on prior qualification and registration. This qualification is obtained through the Insurance Brokers' Exam administered by the National Insurance School Foundation (FUNENSEG), in accordance with CNSP Resolution nº 45/2000 and SUSEP Circulars numbers 127, 140 and 146, all of 2000.

The registry of the life insurance, capitalization and pension plans broker is done by indication of the insurance, capitalization companies or entities open-end of complementary pensions amongst candidates approved in the qualification exam promoted by the National Insurance School Foundation (Funenseg), or in

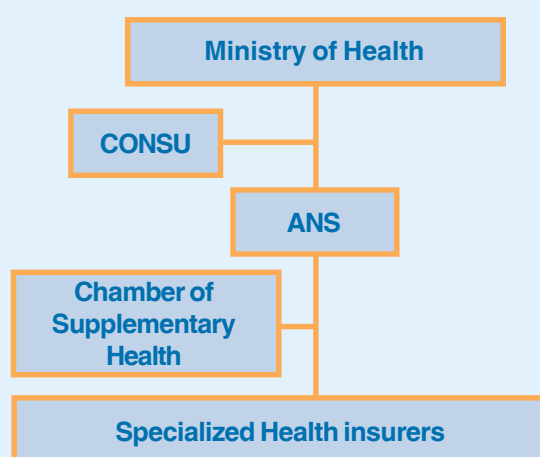
specific evaluation exams by discipline applied to participants of qualification courses held in consonance with the CNSP Resolution nº 62/2001 and SUSEP Circular nº 177/2001.

From the year 2002, the periodical re-registering of the brokers was instituted, being applied to the insurance brokers and to the life insurance, capitalization and pensions plans brokers, the periodicity of which will be 3 years and is regulated by SUSEP Circulars nbs. 202, 207 and 222, all of 2002.

Source: Fenacor web site: www.fenacor.com.br.

Supplementary Health

The regulation of the Complementary Health sector in Brazil demands that Insurers that operate in the health sector transform themselves into specialized Insurers, being subordinated to a new structure of regulation and inspection linked to the Ministry of Health, together with other types of operators of private health care plans.



Forum on Supplementary Health

The Forum on Supplementary Health was held in three stages, between the months June and November of 2003. The event gathered representatives of all the sectors of society which are involved in the relationship between the industry, government and academic area to discuss themes pertinent to private health care with

the objective of establishing a national health policy that embraces the supplementary sector.

The holding of the Forum aimed at jointly seeking new perspectives and strategies to surpass the logic of the organization of the system as from the offer and to propitiate the improvement of the quality of life and the conditions of attention to health of the population.

Fenaseg prepared a work aimed at contributing to the debates of the Forum on Supplementary Health that presented the diagnosis of the supplementary health system, as well as showing solutions for the principal problems of the sector. The material was segmented, containing the following themes: Actuarial and Financial Balance; Policy of Adjustments, Regulatory Aspects, ANS Competence, and Proposal of Alterations in Law nbr. 9.656/98.

CONSU – Council on Supplementary Health

Created by Law nbr 9.656/98, and later altered by Decree nbrs 4.044 of December 6th of 2001, CONSU is the collegiate body member of the regimental structure of the Ministry of Health, being composed of the Minister of Justice – who presides over it – by the Minister of Health, the Minister of Finance and the Minister of Planning, Budgeting and Management, apart from the President of ANS who is the Secretary of the Council. CONSU is in charge of the following activities:

1. To establish and supervise the execution of general policies and directives of the supplementary health sector.
2. To approve the management contract of ANS.
3. To supervise and monitor the actions and operation of ANS.
4. To fix general directives for the constitution, organization, functioning and inspection of the companies operators of products that Law nº 9.656/98 deals with.
5. To deliberate on the creation of technical chambers of consultative character, so as to subsidize the decisions.

ANS – National Agency of Supplementary Health

President: Fausto Pereira dos Santos

Created by Law nbr 9.961, of January 28th of 2000, ANS

is a government body, under special regime, subordinate to the Ministry of Health. Its mission is to promote the defense of public interest in supplementary healthcare, regulating the sector operators including as to their relationships with service providers and consumers, thus contributing to the development of health actions in the country. Amongst its duties the following are highlighted:

- To propose general policies and directives to National Council on Supplementary Health (CONSU) for the regulation of the supplementary health sector.
- To establish parameters and indicators of quality and coverage in health care for their own services and of third parties offered by the operators.
- To establish norms for repaying the General Health System.
- To make norms for the concepts of preexistent sickness and lesions.
- For the purposes of the application of Law nbr. 9.656 of 1998, to define the segmentation of the operators and administrators of private healthcare plans, considering their peculiarities.
- To decide on the establishing of sub-segmentation of the types of plans defined in items I to IV of art. 12 of Law nbr. 9.656 of 1998.
- To authorize adjustments and revisions of the policyholders' contributions to the private healthcare plans in accordance with the general parameters and directives fixed jointly by the Ministries of Finances and of Health.
- To establish norms and standards for the sending of information of economical-financial nature by the operators with a view to the ratification of adjustments and revisions.
- To inspect the activities of the operators of private healthcare plans and to zeal for the fulfillment of the norms with respect to their operation.
- To articulate with the consumer defense agencies aiming at the efficacy of the protection and defense of the consumer of private healthcare services, observing the provisions set forth in Law - nbr. 8.078, of September 11th of 1990.

Chamber of Supplementary Health

The Chamber of Supplementary Health is a consultative body that has the main objective of promoting the discussion of themes relevant to the supplementary healthcare sector in Brazil, apart from giving support to

the decisions of CONSU and ANS. The Chamber of Supplementary Health has the following members:

I - The Director-President of ANS, or his deputy, as the Chamber's President;

II - A director of ANS, as the Chamber's Secretary;

III - A representative of each Ministry listed below:

- Finance.
- Pensions and Social Welfare.
- Labor and Employment.
- Justice
- Health.

IV - A representative of each body and entity listed below:

- National Health Council.
- National Council of State Secretaries of Health.
- National Council of the Municipal Secretaries of Health.
- Federal Council on Medicine.
- Federal Council on Dentistry.
- Federal Council on Nursing.
- Brazilian Federation of Hospitals.
- National Confederation of Health, Hospitals, Establishments and Services.
- Confederation of the Santas Casas de Misericórdia, Hospitals and Philanthropic Entities.
- National Confederation of Manufacturing Industries.
- National Confederation of Commerce.
- Trade Association "*Central Única dos Trabalhadores*".
- Trade Association "*Força Sindical*".
- Trade Association "*Social Democracia Sindical*"

V - A representative of each entity listed below:

- Consumer Defense.
- Consumer Associations of private healthcare plans.
- Self management healthcare segment.
- Group medicine companies.
- Cooperatives of medical services that operate in supplementary health.
- Group dentistry companies.
- Cooperatives of dental services that operate in supplementary health.
- Handicap and special pathology entities.
- National Federation of Private Insurance and Capitalization Companies (Fenaseg).

Specialized Health Insurers

With the approval of Law nbr. 9.656/98, which regulated the supplementary health sector in Brazil and created ANS – National Health Agency and CONSU – Supplementary Health Council, it became necessary to equate the health insurance operations to the private healthcare plans so as to adapt such operations to the legal requirements.

Law nbr. 10.185, of February 12th of 2001, classified Health Insurance as a private healthcare plan and a specialized health insurer as an operator of a healthcare plan, for the effects of Law nbr. 9.656 of 1998.

It was determined for the Insurance companies that were already operating with Health Insurance in 2001 that they should provide the specialization by July 1st of 2001, when they would then be under the jurisdiction of CONSU and ANS.

With the advent of the RDC nbr. 65/01, ANS regulated this segment applying to specialized health insurers, where fitting, those provisions set forth in the SUSEP and CNSP norms published before December 21st of 2000, which subject matters had not been regulated by ANS and CONSU.

In 2003 / 2004, the following health insurers operated in the Brazilian market:

- AGF Saúde S.A.
- Bradesco Saúde S.A.
- Brasil Saúde Companhia de Seguros
- Gralha Azul Saúde S.A.
- HSBC Seguro Saúde S.A.
- Itauseg Saúde S.A.
- Marítima Saúde Seguros S.A.
- Notre Dame Seguradora S.A.
- Porto Seguro - Seguro Saúde S.A.
- Salutar Saúde Seguradora S.A.
- Sul América Companhia de Seguro Saúde S.A.
- Sul América Seguro Saúde S.A.
- Unibanco AIG Saúde Seguradora S.A.
- Unimed Seguros Saúde S.A.

Reinsurers

At the start of 2001, eighteen offices of representation of foreign reinsurers were set-up and awaited the opening of the reinsurance market in Brazil. In 2004, only nine companies remained, restricting their local investments and technical and administrative staff. The non-definition as to the opening of the reinsurance market has been weighing heavily on the permanence of these companies in the country.

List of the reinsurers that keep an Office of representation in the country:

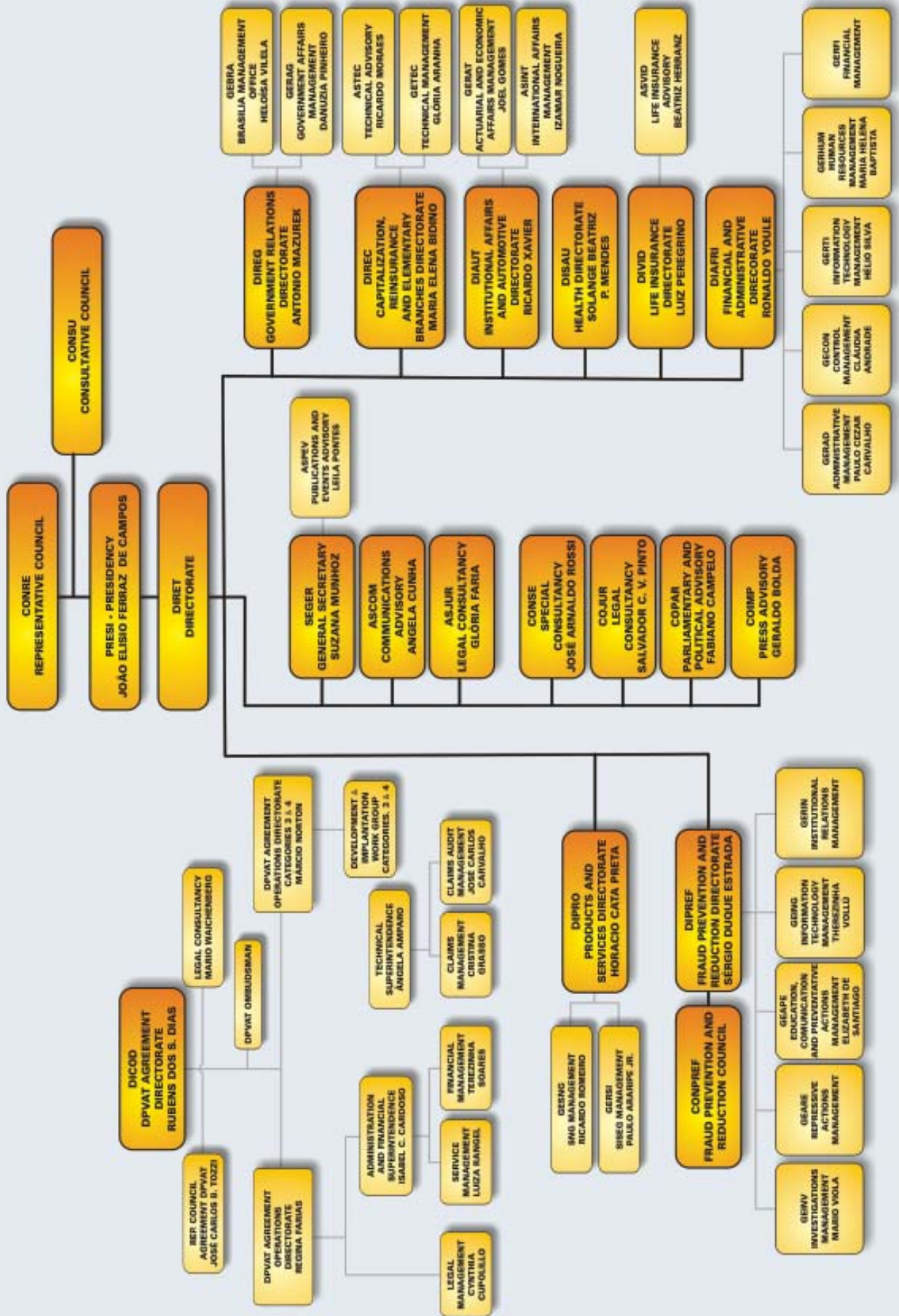
Reinsures

1. Allianz América Latina S.C. Ltda.
2. Converium Re
3. Employers Re
4. Mapfre Re Assessoria Ltda.
5. Munchener do Brasil Serviços Técnicos Ltda.
6. Scor Brasil
7. Swiss Re Brasil Serviços e Participações Ltda.
8. Transatlantic Re
9. XI Latin American Re



Fenaseg

Organization Chart



The National Federation of Private Insurance and Capitalization Companies (Fenaseg), with Head Office and domicile in the City of Rio de Janeiro, is the trade association of higher degree for the purposes of study, coordination, protection and legal representation of the economic categories of private insurance, capitalization and Open-end Complementary Pension Fund entities.

Founded on June 25th of 1951 by the assembly of delegates of five insurance trade associations from Bahia, Minas Gerais, Rio de Janeiro, Rio Grande do Sul and São Paulo, it has the objective of promoting the orderly and efficient development of these markets, defining and defending their rights and politically representing its members. Officially recognized on November 30th of 1953, its net worth is made up by the contributions from its member companies, contributions from the trade Associations and financial or real estate revenues.

Fenaseg currently congregates the 8 Regional Trade Associations of Private Insurers established in the States of Bahia, Minas Gerais, Paraná, Pernambuco, Rio de Janeiro, Rio Grande do Sul, Santa Catarina and São Paulo and 116 companies operating in the insurance industry, of which, 91 are incorporated as non-life, life, or general insurance companies (36 of these also operate with open-end complementary pensions plans); 13 are incorporated as capitalization companies; and 12 are incorporated as health insurance companies. Fenaseg members write 98.5% of the total annual premiums stemming from these markets.

Basic Functions

With the new levels of return reached by the national economy, there is a multiplication of the operative fields where the presence, vigilance and action of Fenaseg is demanded both as a coordinator and a representative of its member companies. In line with its objective to promote the orderly and efficient development of these markets, defining and defending their interests, Fenaseg politically represents the productive sector which today is one of the main contributors to the economic and social growth of the country.

As such, Fenaseg carries out the following proposals for action and objectives:

- To promote and defend the institutions of private insurance, capitalization and private pension funds.
- To represent the interests of its affiliates before the Government Authorities.
- To collaborate with the Government in the study, preparation of laws and solutions related to the respective economic sectors of its member companies.
- To promote conciliatory agreements in labour disputes and to sign contracts and accords.
- To appoint the representatives of its affiliates for participation in events that deal with matters pertinent to their economic sector.
- To maintain consultancy and advisory services for all affiliates and to develop technical studies and prepare proposals concerning market interests, notably on topics related to de-regulation of the sector and the flexibility of the monopolies.
- To promote harmony between its affiliates and help to resolve divergences that occasionally may arise.

Events

Seminars 2003

March

Perspectives for Insurance in the New Government

Event held in Belo Horizonte on 13th March 2003. Activity promoted by the local Insurance Trade Association having Dr. Antônio Penteado de Mendonça, journalist, as lecturer.

What to Expect of the Insurance Industry in 2003

Event held in Blumenau on 14th March 2003. Activity promoted by the Insurance Trade Association of Santa Catarina, having Mr. Horácio Cata Preta, Fenaseg Director, as lecturer. At that time the *Fenaseg Guide – New Civil Code* was presented.

Plan for Preventing and Combating Insurance Fraud

Event held in Joinville on 17th of March 2003. Activity promoted by the Insurance Trade Association of Santa Catarina, having Mr. Sérgio Duque Estrada and Mr. Horácio Cata Preta, Fenaseg Directors, as lecturers, with the objective of presenting the new plan. At that time the *Fenaseg Guide – New Civil Code* was presented.

Relationship Marketing

Event held in the State of Rio Grande do Sul, on 25th March 2003, in the local Insurance Trade Association Auditorium, being an integral part of a series of meetings denominated “*Cultural Project – Cycle of Lectures*”. The objective of this Project was to assist affiliates and interested parties in day to day themes in their respective areas of operation.

April Management in Health

A presentation held in the State of Paraná, on 1st of April 2003, in the local Insurance Trade Association Auditorium and promoted by the Health Committee of the Trade Association.

May Integrated Plan for Prevention and Reduction of Frauds

Event held in the State of Rio Grande do Sul, on 15th of May 2003, in the local Insurance Trade Association Auditorium, being an integral part of a series of meetings denominated “*Cultural Project – Cycle of Lectures*”. In this event the actions to prevent and combat insurance fraud in the State were presented to the Insurers.

Reinsurance - National and International Markets

Event held in Belo Horizonte, on 15th of May 2003, promoted by the local Insurance Trade Association, having Mr. Lídio Duarte – President of IRB Brasil Resseguros – as lecturer.

Guarantee Insurance: seeking for its legal nature

Event held in the State of Paraná, on 28th of May 2003, for the launching of the book written by Dr. Gladimir Adriani Poletto.

June Ethics in the Insurance Market

Event held in Criciúma on 10th of June 2003, promoted by the Insurance Trade Association of Santa Catarina. Mr. Henrique Furtado Arruda, Coordinator of the Inter-Trade Association Ethics Commission came as lecturer.

July Cycle of Lectures RH – Tobacco addiction

Event held in Rio de Janeiro on 29th of July 2003. Lectures held on a monthly basis for the internal FENASEG public – an initiative from the Human Resources area.

August Ethics in the Insurance Industry

Event held in Joinville on 5th of August 2003, promoted by the Insurance Trade Association of Santa Catarina. Mr. Henrique Furtado Arruda, Coordinator of the Inter-Trade Association Ethics Commission came as lecturer.

Brokers Data Bank Workshop - BDCOR

Event held in Rio de Janeiro (6th of August 2003) and in São Paulo (12th August 2003), an initiative of the Board of Projects and Services, where this new service of data bank was presented to the market.

Introduction to the Concept of Preferential Risks

Event held in Belo Horizonte on 12th of August 2003, promoted by the local Insurance Trade Association, having the lecture given by executives of Transamérica Resseguradora. The technical characteristics of the product, preferential classes in Brazil, examples, considerations in the evaluations of risks, aspects of marketing and conclusions were discussed.

Multi-risks Insurance – Underwriting and Loss Adjusting Aspects

Event held in Florianópolis on 19th of August 2003, promoted by the Insurance Trade Association of Santa Catarina, having Mr. Paulo Wolff Filho – HSBC Seguros Brasil S.A. – and Mr. José Vicente da Silva – Liberty Paulista Seguros S.A as lecturers.

Cycle of Lectures RH – Healthy Feeding Habits

Event held in Rio de Janeiro on 26th of August 2003; lecture given by Mrs. Sueli Couto of INCA to the internal public of Fenaseg, an initiative of the Human Resources Area.

SISEG – Integrated Technical Data System of Insurance and Frontier Project

Event held in the State of Rio Grande do Sul on 29th of August 2003, in the local Insurance Trade Association Auditorium, as an integral part of the series of meetings denominated “*Cultural Project – Cycle of Lectures*”. In this event, participants shared expectations and mapped the difficulties for the improvement of the market.

September Frontier Project

Event held in Rio de Janeiro (2nd of September 2003)

and in São Paulo (9th of September 2003); an initiative of the Board of Projects and Services where the new Sinivem/Fenaseg Project was presented to the industry.

Insurance Trade Association of Minas Gerais and IMES - Instituto Mineiro de Seguros – Cycle of Lectures

Project held in Belo Horizonte on 4th, 11th and 25th of September 2003, covering various themes of interest to the local insurance market such as:

- *Aspects of the Current Policy on Insurance and Private Pensions Funds* - Prof. Cláudio Contador - lecturer;
- *Transport Insurance under the Optic of the New Civil Code* - Dr. Landulfo de Oliveira Júnior;
- *The New Civil Code and its implications for Life Insurance and Complementary Pension Plans* - lecturer Dr. Sérgio Mello.;
- *Changes in the Health Care Plans* - Dr. Valdir Câmara
- *Treatment of the business partnership under the new Civil Code* - Dr. Cleber Batista de Souza, lecturer;
- *The National Insurance Market and Automobile Insurance* - Dr. Maurício Tadeu Barros Morais, lecturer;
- *The Insurance Contract and the New Civil Code* - Dr. Joaquim Celestino Pereira, lecturer.

Cycle of Lectures RH – Quality of Life - Stress as a Generator of Illness

Event held in Rio de Janeiro on 10th of September 2003; lecture given by Dr. Marcos Brazão of the Guanabara Nuclear Medicine Center to the internal public of Fenaseg, an initiative of the Human Resources Area.

Consumer Defense

Event held in Rio de Janeiro on 12th of September 2003, in the Funenseg Auditorium; promoted by the Insurance Trade Association of Rio de Janeiro, had Mrs. Nadja Sampaio, the journalist of O Globo newspaper, as lecturer.

Insurance – Fundamentals

Event held in Rio de Janeiro on 22nd of September 2003, in the Helio Alonso Faculty Auditorium. Activity promoted by the Insurance Trade Association of Rio de Janeiro, the lecture being about insurance, given by Janes Rocha, journalist of Jornal Valor Econômico, to students of social communication.

The New Civil Code – Polemic Aspects and the Responsibility of the Broker in face of The New Civil Code

Event held in Joinville on 23rd of September 2003. Activity promoted by the Insurance Trade Association of Santa Catarina, having Mr. Lodi Sodrê – Legal Adviser of the Insurance Trade Association – and Mr. Edson Passold – Legal Adviser of the Brokers Trade Association of Santa Catarina as lecturers.

Educational Aspects: Helping or Upsetting Professional Careers

Event held in Rio Grande do Sul on 30th of September 2003, in the local Insurance Trade Association Auditorium, being an integral part of a series of meetings denominated “*Cultural Project – Cycle of Lectures*”. In this event factors such as pressure, stress, violence and personal and professional expectations were discussed as variables in personal relations and quality of life.

October

Technical Legal Seminar for the Procons of the State of Minas Gerais

Event held in Belo Horizonte on 13th and 14th of October 2003. In this event, 80 representatives of the Procons of the capital and interior cities of the State participated and the principal lectures were: “*Insurance and its Technical Fundamentals*”, given by Mr. José Américo Peón de Sá; “*Automobile Insurance*”, given by Mr. Julio de Souza Avellar; “*Health Insurance*”, given by Mr. João Alceu Amoroso Lima and “*The Insurance Contract and the New Civil Code*”, given by Dr. Sérgio Mello.

Publishing of the Fenaseg Social Balance Sheet

Event held in Rio de Janeiro on 14th of October 2003, with the lecture “*Corporate Social Responsibility*” given by Frei Beto – Theologian and Special Adviser to the Presidency of the Republic.

Cycle of Lectures RH - Motivation: Improving your Self Esteem

Event held in Rio de Janeiro on 15th of October 2003, lecture given by Mrs. Rosemeire Henriques of DGG – Education and Consultation to the internal public of Fenaseg. An initiative of the Human Resources Area.

Information Technology Workshop

Event held in Rio de Janeiro on 28th of October 2003, annual meeting of the Technical Committee on

Information Technology for planning of the technology actions for the year 2004.

November

Personal Risk – Subscription of Risks and Commercialization

Event held in Blumenau on 11th of November 2003. Activity promoted by the Insurance Trade Association of Santa Catarina, having Mr. Albert Junqueira – Mapfre Seguros – and Mr. Cesar Saut – Icatu Hartford, as lecturers.

First Catarinense Meeting of Insurers and Insurance Brokers

Event held in Florianópolis on 17th of November 2003. The activity, promoted by the Insurance Trade Association of Santa Catarina, counted on the participation of FENASEG's President, Mr. João Elísio Ferraz de Campos, who presented data relevant to the Brazilian insurance industry and the actions developed by the Federation.

2^a Brazilian Conference on Insurance, Reinsurance, Private Pension and Capitalization - Conseguro

Event held in Rio de Janeiro, in the period from 24th to 26th of November 2003, counted on the participation of 1,400 visitors, 10 stands, international lecturers and the most renowned national lecturers.

December

Unemployment – Concepts, Statistics and Public Policies

Event held in Rio de Janeiro on 10th of December 2003, having Professor Carlos Alberto Ramos - Doctor in Economics at the University of Paris and Master in Economics at the University of Brasília, as lecturer – with the objective of improving the understanding of actuaries, technicians and those responsible for the products of the Insurers of the questions related to the theme, so that they can better evaluate the unemployment risk through better knowledge of the diverse meanings of the phenomenon, the factors that determine it and the aspects that most interest and influence the products of unemployment insurance.

Technical-Legal/Procon Seminar 2003 and 4th Insurance Law Encounter

Event held in the State of Rio Grande do Sul on 10th of December 2003, in the local Insurance Trade Association

Auditorium, being an integral part of a series of meetings denominated “*Cultural Project – Cycle of Lectures*”.

Events with Support from Fenaseg - 2003

As from 2003, Fenaseg adopted a policy of institutional marketing directed to get the Federation closer to new markets or correlated markets. In this way, it started the work of backing other events.

June

Insurance and the New Civil Code

Seminar held in São Lourenço, in the period from 19th to 21st of June 2003. An initiative of the Legal Director; the program was composed with suggestions from lecturers and infrastructure actions.

September

XXV National Encounter of the Credit, Financing and Investment Institutions – ACREFI

Meeting held in Salvador in the period from 4th to 07th of September 2003. The support was given by the Director of Projects and Services through the acquisition of a stand and institutional promotion of the Fenaseg logo trademark, its publications and the SNG and Frontiers projects.

President's Lunch/Renê Garcia – American Chamber of Commerce

Event held in Rio de Janeiro on 18th of September 2003. The lunch gathered the main executives associated with the Chamber to hear the directives from the Superintendent of SUSEP, Mr. Renê Garcia. This action of the President promoted the Fenaseg logo trademark and allowed the effective participation of the Federation in the debates through its representative Mr. Julio Avelar, who sat at the special guest table.

October

I National Conference of the Cities – Ministry of the Cities

Event held in Brasília in the period from 23rd to 26th of October 2003. The conference gathered more than 3,000 visitors amongst mayors and principal representatives of municipalities and state governments. This action of the Director of Projects and Services through the use of a stand, logo trademark in folders, banners of the event and advertising in specialized magazines promoted the institutional trademark as well as the publications of Fenaseg.

November

XX National Encounter of Judges in Brazil – AJUFE

Meeting held in Florianópolis, in the period from 26th to 29th of November 2003. The meeting gathered judges from the whole country in the largest meeting of magistrates ever held. The support given by the Legal Directorate through the acquisition of a stand promoted the institutional trademark as well as the ample distribution to the magistrates of Fenaseg's Guides, Annual Report and Financial Demonstrations and Balance Sheet.

December

Technical-Legal Procon RS Seminar

Event held in Porto Alegre on 10th of December 2003, in the Funenseg Auditorium. The support by the Legal Directorate was through the publicizing of the event to the insurance industry, placing of the logo trademark in the event's advertising folder and distribution of Fenaseg's publications during the event.

2004 Events

March

Unemployment – Concepts, Statistics and Public Policies

Event held in Rio de Janeiro (6th of March 2004) and São Paulo (9th of March 2004), respectively in the Fenaseg Auditorium and the São Paulo Insurance Trade Association auditorium. The lecture had the objective of improving the understanding of actuaries, technicians and those responsible for the product of the insurers with respect to the questions related to the theme, so that they can better evaluate the unemployment risk, and it was given by the lecturer Mr. Carlos Alberto Ramos.

Cycle of Lectures RH – Time Administration

Event held in Rio de Janeiro on 4th and 5th of March 2004, in the Fenaseg Auditorium. The lecture was given by the lecturer Mr. Marcos Azevedo to the internal public of Fenaseg, an initiative of the Human Resources Area.

Fenaseg's Plan of Action

Event held in Rio de Janeiro on 26th of March 2004. In this meeting, all the Fenaseg employees were gathered for the presentation of the Plan of Action for each directorate for the triennium 2004/2007.

April

Cycle of Lectures RH – Inter-personal Relationships

Event held in Rio de Janeiro on 7th and 8th of April 2004, in the Fenaseg Auditorium. The lecture was given by the lecturers Mrs. Rosemeire Henriques and Mrs. Renata Marques to the internal public of Fenaseg, an initiative of the Human Resources Area.

Prevention and Reduction of Insurance Fraud

Event held in Rio de Janeiro on 20th of April 2004, in the Fenaseg Auditorium. This meeting had the objective of presenting the actions that make up the plan and the status of the implementation to the technical committees on claims and automobile insurance. The exposition was given by Mr. Sergio Duque Estrada.

May

Launching of the Sectorial Plan and Investiture of the New Board of Fenaseg

Event held in Brasília on 11th of May 2004. The event gathered more than 500 distinguished guests, including Ministers, Secretaries, Senators, Deputies and executives of the insurance industry. It had the presentation of the 2nd Sectorial Plan for the Insurance Industry and the new board for the triennium 2004 - 2007 as the principal objective.

Lecture about the Requirements of SUSEP/ Circular nº 249/2004

Event held in Rio de Janeiro on 20th of May 2004, in the Fenaseg Auditorium. On 26th of May 2004, it was held in São Paulo, in the Insurance Trade Association Auditorium.

Concepts and methodology of the internal controls were discussed, as well as the impacts caused by the implementation of the SUSEP Circular nbr. 249/2004 requirements.

The lecturers were Messrs. José Rubens Alonso, Sergio Moreno and Léo Maranhão.

Meeting of Representatives of the Insurance and Capitalization Sectors with the Secretary of the National Treasury

Event held in Rio de Janeiro on 26th of May 2004, in the Fenaseg Auditorium. Amongst the various matters discussed, the debate on the equation of the National Treasury needs and the segments relating to the issuing of public debt securities was the principal focus. The

lecturers were Messrs. Anderson Caputo Delfino Silva, Ronnie Gonzaga Tavares, Sergio Czemerinski, Sergio Diuana, Luiz Peregrino and Renato Russo.

June

Cycle of Lectures RH – Feeding Re-education

Event held in Rio de Janeiro on 7th and 8th of June 2004, in the Fenaseg Auditorium. The lecture was given by the lecturer Mrs. Lisangela Baiense to the internal public of Fenaseg, an initiative of the Human Resources Area.

Insurance of Highway Concessions

Event held in São Paulo on 15th of June 2004, in the Insurance Trade Association Auditorium. It had the objective of deepening the debates on the matter in conjunction with IRB-Brasil Resseguros.

Lecture about the Requirements of the SUSEP Circular nº 253/2004

Event held in Rio de Janeiro on 30th of June 2004, in the Fenaseg Auditorium.

The objectives and form of servicing established by SUSEP Circular nbr. 253/2004 were evaluated and discussed.

Messrs. Ricardo Nohra Simões, Cássio Cabral Kelly, William Moreira Lima Neto and Olavo Ribeiro Salles were the lecturers.

Events with the Support of Fenaseg – 2004

March

XIII Congress of Insurance Brokers – FENACOR

Event held in Brasília, in the period from 11th to 13th of March 2004. The support given by the Federation was through the placing of the logo trademark in the event folder, the acquisition of a stand and distribution of Fenaseg publications during the event. Nearly 3,000 people circulated in the event, including brokers, insurers and consultants.

May

V International Risk Management Seminar – ABGR

Event held in São Paulo, in the period from 3rd to 5th of May 2004. The support given by the Federation was through the placing of the logo trademark in the event folder, the acquisition of a stand and distribution of Fenaseg publications during the event. About 500

people circulated in the event including insured parties, brokers, insurers, reinsurers and consultants.

June

XIV Congress and Exhibition of Information Technology of the Financial Institutions – FEBRABAN

Event held in São Paulo, in the period from 2nd to 4th of June 2004. The support provided by the Federation was through the placing of the logo trademark in the event folder, the acquisition of a stand and distribution of Fenaseg publications during the event, as well as the publicizing of the National Liens System. The Director of Projects and Services gave a lecture on the SNG and its importance. The Fenaseg stand was visited by roughly 600 people.

7th Insurance Week - Eletronorte

Event held in Belém, in the period from 23rd to 25th of June 2004. The support given by the Federation was through the free distribution of 60 Fenaseg Guides on Transport. This was an initiative of the Director for Non-Life Insurance, Reinsurance and Capitalization, with the objective of improving the understanding of the concepts of transport insurance.

Fenaseg



Activities

Technical Committees

The Technical Committees, composed of professionals from various insurance, pension and capitalization companies, are specialized advisory bodies of Fenaseg and its affiliates.

The functions of the Technical Committees are:

- To evaluate the impact of the regulations published, making recommendations on procedures.
- To appraise matters and develop studies of technical nature in respect of the diverse insurance lines.
- To respond the queries raised by the Insurers and other entities.
- To submit to the Board the suggestions for actions that would meet the needs of the industry.

- To indicate representatives to participate in the events and meetings on themes pertinent to their ambit of operation.

Because of the relevance of the work done by the Technical Committees, there is an increasing interest of the Insurers to participate in these committees, which already count on nearly 448 professionals. In 2003, as shown in the following table, 147 meetings in 20 committees were held in Fenaseg, for the discussion and analysis of 540 matters.

Technical Committees Statistics - 2003

Name	Number of Meetings	Number of Members	Number of Guests	Total Participants	Issues Dealt with
Actuarial Committee	8	27	11	38	16
Administration and Finances Committee	10	34	30	64	109
Arbitration Committee	3	12	2	14	3
Legal Affairs Committee	11	45	59	104	131
Automobile Insurance Committee	12	22	20	42	47
Capitalization Committee	11	13	11	24	21
General Coordination Committee	4	19	8	27	10
Committee of Medicine in Insurance	3	11	9	20	3
Private Pension and Life Insurance Committee	9	31	26	57	10
Human Resources Committee	5	21	11	32	
General Liability Insurance Committee	3	20	16	36	5
Reinsurance Committee	0	22	11	33	0
Credit Risks Committee	1	19	9	28	4
Net worth Risk Committee	10	26	18	44	10
Home Insurance Committee	4	16	7	23	10
Rural Insurance Committee	4	11	22	33	3
Health Insurance Committee	14	14	11	25	37
Losses Committee	12	31	13	44	90
Information Technology Committee	11	30	15	45	15
Transport Insurance Committee	12	24	16	40	16
TOTAL	147	448	325	773	540

Each Technical Committee is represented on the FENASEG Board by a Director - Mentor.

ADMINISTRATION AND FINANCES COMMITTEE

President: Luiz Pereira de Souza
Tokio Marine Brasil Seguradora S.A.
Mentor: Renato Campos Martins Filho
Cia. de Seguros Minas Brasil

ARBITRATION COMMITTEE

President: José Américo Peón de Sá
Áurea Seguros S.A.
Mentor: Suzana Munhoz da Rocha
Fenaseg

COMMITTEE OF LEGAL AFFAIRS

President: Ricardo Bechara Santos
Sul América Cia. Nacional de Seguros
Mentor: Salvador Cícero Velloso Pinto
Fenaseg

ACTUARIAL COMMITTEE

President: Sinval Chaves de Oliveira
Generali do Brasil Cia. Nacional de Seguros
Mentor: Renato Campos Martins Filho
Cia. de Seguros Minas Brasil

CAPITALIZATION COMMITTEE

President: Rita de Cássia R. Batista Moço
Bradesco Capitalização S.A.
Mentor: José Ismar Alves Tôres
Brasilcap Capitalização S.A.

GENERAL COORDINATION COMMITTEE

President: Jacques Bergman
Itaú Seguros S.A.
Mentor: João Elisio Ferraz de Campos
Fenaseg

COMMITTEE OF MEDICINE IN INSURANCE

President: Paulo Cesar Tourinho
Caixa Seguradora S.A.
Mentor: Horácio L. N. Cata Preta
Fenaseg

PRIVATE PENSIONS AND LIFE INSURANCE COMMITTEE

President: Renato Russo
Sul América Cia. Nacional de Seguros
Mentor: Nilton Molina
Icatu Hartford Seguros S.A.

HUMAN RESOURCES COMMITTEE

President: Maria Helena Monteiro
Sul América Cia. Nacional de Seguros
Mentor: Oswaldo Mário Pêgo de Amorim Azevedo
Sul América Cia. Nacional de Seguros

REINSURANCE COMMITTEE

President: Marcus Viana Clementino
Sul América Cia. Nacional de Seguros
Mentor: Olavo Egydio Setúbal Júnior
Itaú Seguros S.A.

CREDIT RISKS COMMITTEE

President and mentor: João Gilberto Possiede
J. Malucelli Seguradora S.A.

NET WORTH RISK COMMITTEE

President: Matias Antonio Romano de Ávila
Liberty Paulista
Mentor: Paulo Miguel Marraccini
AGF Brasil Seguros S.A.

AUTOMOBILE INSURANCE COMMITTEE

President: Luiz Alberto Pomarole
Porto Seguro Cia. de Seguros Gerais
Mentor: Casimiro Blanco Gomez
Porto Seguro Cia. de Seguros Gerais

HOME INSURANCE COMMITTEE

President: Alvaro Arantes Sobrinho
Caixa Seguradora S.A.
Mentor: Mauro César Batista
Seguradora Roma S.A.

LIABILITY INSURANCE COMMITTEE

President and mentor: Santi Cianci
Generali do Brasil Cia. Nacional de Seguros

HEALTH INSURANCE COMMITTEE

President and mentor: Luiz Tavares Pereira Filho
Bradesco Seguros S.A.

CLAIMS COMMITTEE

President: Nelson Peixoto
Porto Seguro Cia. de Seguros Gerais
Mentor: Maurício Accioly Neves
Real Previdência e Seguros

INFORMATION TECHNOLOGY COMMITTEE

President: Ademar Leal
Vera Cruz Seguradora S.A.
Mentor: Horácio L. N. Cata Preta
Fenaseg

TRANSPORT INSURANCE COMMITTEE

President: Arlindo da Conceição Simões Filho
AGF Brasil Seguros S.A.
Mentor: Flavio Bauer
Ace Seguradora S.A.

RURAL INSURANCE COMMITTEE

President: José Américo Peón de Sá
Áurea Seguros S.A.
Mentor: Maria Elena Bidino
Fenaseg

The constitution of two new technical committees was approved by the Fenaseg Board in the first half of 2004:

Auditing and Compliance Commission and **ALM - Asset Liability Management**.

Working Groups

Hierarchic Brazilian Classification of Medical Procedures

Coordinator: Otelo Correa

The Fenaseg Technical Group made a study with the objective of making a revision of the new CBHPM, launched in 2003 by the Brazilian Medical Association to serve as a reference in the payment of Medical Fees. The consolidated report containing technical suggestions and amendments to the CBHPM, was sent to AMB on 2nd of May 2004.

Solvency Margin

Coordinator: Jorge Luiz Prym
Brasilprev Vida e Previdência

Mixed Group composed of Fenaseg and Anapp members, constituted with the purpose to make a study to present to SUSEP a proposal for the regulation of the Solvency Margin for life and open-end complementary pension plans insurers.

Tax Structure Re-Modeling

Coordinator: Renato Russo
Sul América Vida e Previdência

Mixed Group Fenaseg & Anapp constituted with the objective of promoting the preparation of a study to present to the Government a proposal for new tax modeling – apart from that already existent – for complementary pension benefit plans and life insurance so as to increment the formation of longer term savings.

Life Insurance and Pension Funds Investments

Coordinator: Helio Flausino Gonçalves (Flagon)
Brasilprev

Group composed of members of the Administration and Finances Committee and Private Pension and Life Insurance Committee, having the purpose of developing studies directly related to the modalities of investment of funds of the portfolios of life insurance products and pension products.

Workers Compensation Insurance

Coordinator: Oswaldo Mário de Azevedo
Sul América Cia. Nacional de Seguros

Group composed of representatives of various insurers and reinsurers with the objective of preparing proposal for the regulation of this insurance. The proposal was

presented to the Ministry of Social Security and to SUSEP.

Capitalization Accounting

Coordinator: João Guarda Filho
Liderança Capitalização S.A.

Composed of accountants that work in the capitalization companies and who carry out studies for adjusting the Accounts Plan and the FIP's to the capitalization operations. The coordinator of the GT is also a member of the Administration and Finances Committee of Fenaseg and of the Accounting Committee of SUSEP.

Actuarial Works in Capitalization

Coordinator: Anna Paula Almeida
Sul América Capitalização

It is composed of actuaries that work in the capitalization companies and make studies for the modification of the Standard Plan of CAP and to establish the adjustments to be made in the FIP's with respect to the capitalization operations. The coordinator of the GT is also a member of the Actuarial Committees of Fenaseg and SUSEP.

Information Technology in Capitalization

Coordinator: Cleber Dutra Barboza
BrasilCap Capitalização S.A.

It monitors the new project of the Conceptual Data Bank being developed jointly with SUSEP as well as the development of new schedules 55 and 56 of the FIP.

Legal Aspects in Capitalization

Coordinator: Valeria Camacho Schmitke
Real Seguros S.A.

It was conceived to examine issues bearing a legal character related to the Capitalization. The coordinator of the GT is a member of the Committee of Legal Matters of Fenaseg.

Multi-risks Insurance

Coordinator: Maria Elena Bidino
Fenaseg

Objective: To draft model clauses for multi-risks commercial insurance policies with limits up to R\$ 2 million, normally written on a first loss basis.

Highway Concessions

Coordinator: Helder Pereira Muniz
IRB Brasil Resseguros

Objective: Revision of the comprehensive policy for highway concessions insurances.

Permanent Committee for Institutional Matters

Coordinator: Antonio Mazurek

Fenaseg

Composed of members of the executive body of Fenaseg, it has the purpose of analyzing, discussing and defining the industry's strategies and to monitor the developments on the legislation and regulation with respect to the Industry.

Communication Committee

Coordinator: Geraldo Bolda

Fenaseg

It is composed of members of the executive body of Fenaseg and has the objective of discussing and suggesting communication strategies that must be adopted to increment the relationship of Fenaseg with the insurance industry and public opinion.

Port Operators

Coordinator: Cicely Borgerth Sette

Companhia de Seguros Aliança do Brasil

Work that was prepared jointly with representative of IRB, SUSEP, Fenaseg, FENACOR, Loss Adjusters and other reinsurers was sent to SUSEP.

Working Groups Coordinated by the President

Ethics and Self Regulation

Objective: Constitution of the code of ethics of the insurance market and preparation of proposals for best practices of operation. The preparation of proposals of guides for good corporate practices for each insurance, capitalization and private pensions sector is the responsibility of the Technical Committee.

Conceptual and structural aspects of life insurance and complementary pension plans business

Objective: To discuss priority conceptual and structural questions and to determine the pertinent measures and actions.

Regulatory Environment - SUSEP

Objective: Matters of common interest relating to the

new proposals of SUSEP such as self-regulation, de-regulation, guide of rights and duties for the insured party, model for risk analysis, low income insurance, arbitration clause and participation of Fenaseg in the SUSEP Committees etc.

Distribution Systems

Fenaseg/Fenacor

Objective: To analyze and forward matters of common interest to the two entities.

Regulation of Matters related to Art. 192 of the Constitution – Insurance Industry (working group in formation)

Fenaseg/Fenacor/Anapp

Objective: To study the changes in the insurance legislation.

Studies and Technical Research Surveys

Research Survey on Pension Reform

Commissioned by Fenaseg, the Foundation Institute of Economic Research of the University of São Paulo (FIPE) is developing a study entitled "Pension Reform for Social Inclusion and Promotion of Equality". The team of researchers coordinated by Prof. Helio Zylberstajn is analyzing the tax impact of the reforms proposed by the Government and the consequences of lessening the payroll expenses related to the cost of compliance in respect of employment contracts. The final conclusions will be sent to the Social Security Ministry.

Statistical Information on the Insurance Industry

The gathering of information and the qualitative analysis of the data obtained is fundamental for envisioning the potential of the insurance market. This data is also important for studies of tariff adjustments, for making administrative improvements, reducing expenses and widening market exposure of the sector etc.

For these and other reasons, Fenaseg developed a Statistical Information System (SEGDATA), which consists of a data bank structured to receive and store the information received from the companies through the Periodical Information Forms (FIP), as well as from

the Statistics System of SUSEP – SES and from the ANS Statistical Bulletins. Fenaseg also developed an inquiries processing system for the main accounts of insurance operations, Open-end Complementary Pensions and Capitalization. The System now facilitates the elaboration of spreadsheets and graphics for easy handling and visualization.

Through the SEGDATA resources, Fenaseg is qualified to quickly and safely process and produce precise and reliable statistical information of interest to the insurance industry.

In addition to the work of consolidation of the data provided by SUSEP and ANS, and of making the information available to the market by means of printed Circulars and the Fenaseg web site, Fenaseg also issues statistical reports on market movements, in conjunction with a contracted service provider – G. Tagliavini Consultoria Financeira e Empresarial Ltda., which includes as follows:

(1) **A quarterly Report of Activities of the Insurance Industry** with information on the portfolios and aggregates of the economic accounting and net worth of the industry including data and commentaries on the margin of contribution, profitability, liquidity, solidity and others.

(2) **A quarterly Report of the Activities of the Open-end Complementary Pension Funds Market**, with information on the portfolios and aggregates of the economic account and net worth of the industry including data and commentaries on the margin of contribution, profitability, liquidity, solidity and others.

(3) **A quarterly Report of the Activities of the Capitalization Market**, with information of the portfolios and aggregates of the economic account and net worth of the industry including data and commentaries on the margin of contribution, profitability, liquidity, solidity and others.

(4) **Statistical Information of the Insurance Market for the Fenaseg Report** which, from the historical series, since 1993, presents reports and commentaries on portfolio data, economic accounts, leverage, profitability of production, applications and investments, structure of the net worth situation etc.

(5) **Social Balance of the Insurance Market.**

Specific jobs are also developed for the Fenaseg Automobile Insurance Committee, through the gathering of periodical information with the Insurers (monthly and annually), with the purpose of accompanying the

regional tendencies of the portfolio and referential of cost of losses.

FIPE – Automobile Market Value Table

Fenaseg and FIPE, Foundation Institute of Economic Research signed an agreement in 2000, to formalize the monthly preparation, by FIPE, of a price table demonstrating the average values of auto vehicles and the agreement for electronic use of this data by the insurance industry and other similar segments.

Threats and Opportunities in the Life Insurance and Complementary Pension Plans Business

Research of the market allowed Fenaseg to present suggestions to the Work Agenda of the Secretary of Economic Policy of the Ministry of Finance related to the National System of Private Insurance.

Investment Account

A study made jointly with Anapp, resulting in the sending of official letters to the competent authorities proposing specific treatment for the operators of the National System of Private Insurance so as to avoid the recurrent application of the CPMF on the movement of funds.

Payment Instruments

A study made jointly with Anapp on the payment instruments applicable to the complementary pension benefits plans and to insurance policies with similar characteristics, resulting in the sending of an official letter and the holding of a meeting in the Central Bank of Brazil to analyze the possibility of issuing a normative act.

Complementary Pension Funds

Preparation of technical notes on aspects related to the multi-sponsored entities and to the complementary pension plans instituted, which are mentioned by Complementary Law nbr. 109, of 2001, including the consulting of the Secretary of Complementary Pensions concerning the interpretation of certain provisions of the referred to complementary law, especially in relation to the solidarity between the participants, management of funds and offer of plans, need for specialization of these entities and dimension of the market, taking into account that, when of a public nature, they would be subject to the provisions of art. 37, “preamble”, of the

Federal Constitution, the exercise of the activity of private character or that had private ends being prohibited.

Popular Personal Insurance

Attending to a request from SUSEP, Fenaseg presented suggestions for the regulation of personal insurance destined for the low income population levels, and, amongst other points, alerting as to the need for the reduction to zero of the incidence of IOF on the amount of the premiums paid by workers.

Federal Public Debt Securities

Contacts with the Secretary of the National Treasury permitted the holding of meetings of representatives of that federal body with the insurance industry technicians to discuss the questions related to the issue and negotiation of federal public debt securities.

Study of the Evolution of Costs of Assistance

Fenaseg commissioned from FIND – Medical Evaluation and Auditing – a study on the Evolution of Costs of Assistance (medical and hospital) which contains various emblematic cases of rising costs in the last few years. It also demonstrates the difficulty in management of the costs, not only for the increase of price indexes, rise in exchange and interest rates, but also for the proper market factors. Amongst these factors is highlighted the increase of the coverage for clients not adapted to the new law without increase of the Premium received, increase in the number of injunctions for contractual negatives of these clients, introduction of new Technologies not calculated in the Premium charged and significant increase of the average hospital permanence. This work was distributed in the Forum of Supplementary Health.

International Relations and Negotiations

International Relations

Russian Committee

On October 10th/2003, the Fenaseg Executive Board received the Russian Labor Minister Mr. Janvariev Valeriy, and his advisors to present its structure to the Federation

and especially the work developed on Work Accidents.

Business Mission with the President of the Republic

Between 2003/2004, Fenaseg participated in some business missions with the objective of promoting the exchange of experiences and to increase visibility of the Brazilian Insurance Market.

Business Mission – Portugal / Spain

From 9th to 18th of July 2003

Business Mission – Arab Countries

From 3rd to 12th of December 2003

Business Mission – Peru

25th and 26th of August 2003

Business Mission – Cabo Verde

From 27th of July to 1st of August 2004

International Negotiations

MERCOSUR

Fenaseg is represented in the Mercosur negotiations through the Brazilian Committee of Merco-Insurance coordinated by Dr. Ricardo de Sá Acatauassú Xavier, Director of the Fenaseg for Automobile Insurance and Institutional Affairs. With participation in the diverse meetings promoted by official organisms in charge of the Mercosur negotiations, the Brazilian Committee of Merco-Insurance has contributed to founding the preparation of projects that aim at instituting a unified insurance market including Brazil, Argentina, Paraguay and Uruguay.

In 2003, the negotiations in the Mercosur Insurance Committee (CS) dealt with the proposals for modifications of the already approved Milestone Agreement on Access Conditions and for the Agreement Project on Basic Conditions of the Exercise, both proposed by the Brazilian Section of the CS. As to the issue of Access Conditions, the main modification in discussions is with respect to the access capital; for the Conditions of the Operation, the proposals aim at giving flexibility to the agreement as well as to ensure adherence to the international principles of supervision and control emanating from the International Association of Insurance Supervisors - IAIS. The modifications of the project that deal with the norms on Conditions of Operation were agreed at the Montevideo/Uruguay

meeting in the 2nd half of 2003, the definition of the model of presentation of the Additional Financial Statements remaining pending. The Sub-commission of Solvency Margin is still considering its convergence to the international model that is found under discussion within the ambit of the IASB and which shall be adopted by the IAIS. The Reinsurance Sub-commission debated the proposal of inclusion of insolvency clauses and governing law in the Conditions of Operation, as well as started dealing with the rules for Access and Operation of the reinsurance activity.

The coverage limits of the liability of the international land carrier of passengers are still being considered. The proposal that the carriers should contract additional excess insurance depends on prior analysis in relation to the non existence of legal obstacles in Brazil.

Through the Economic and Social Consultation Forum of Mercosur, Fenaseg accompanied the agreements between the Mercosur and the European Union. It gave its opinion on aspects relating to the structure of negotiations for the financial services sector proposing that they be developed from positive lists like the example of the model adopted in the World Trade Organization – WTO.

FTAA/WTO

Fenaseg continued to accompany the international negotiations in the ambit of the Free Trade Area of the Americas (FTAA) and the World Trade Organization (WTO) relating to financial services. The accompanying of the negotiations takes place through participation in meetings held with the Inter-ministerial Group of International Trade – Services Sub-sector (GICI-SV) of the Ministry of Foreign Affairs, the participation of the Brazilian Business Coalition coordinated by the National Confederation of Manufacturing Industries (CNI) and in the Study Group on Financial Services organized by the Securities Commission (CVM) and the São Paulo Stock Exchange (BOVESPA).

These forums bring together Government and business organizations, in order to expand the deepening study of the negotiations and, through recommendations, contribute to the preparation of negotiation proposals.

In February of 2004, Fenaseg participated in the meeting

with representatives of the American Council of Life Insurance (ACLI) and the American Insurance Association (AIA), principal class entities that represent the life and non-life insurance companies respectively, with the purpose of establishing an agenda of demand of interest common to the insurance industry of both countries in the conformation of FTAA.

International Relations

FIDES – Inter-American Federation of Insurance Companies

The affiliation of Fenaseg to this entity dates from 1948, when it was founded in the II Hemispherical Insurance Conference to which it contributed by presiding the meeting of the precursor Insurance Committee in Rio de Janeiro, in 1947, when the Permanent Secretary was confirmed in Mexico, headquarters of the mentioned Conference.

The operating of FIDES has been intense and in the same way the participation of Fenaseg, contributing to the development of its activities apart from having responded for the 3rd Vice-Presidency and Presidency of the South Regional Commission (Brazil, Argentina, Paraguay, Uruguay and Chile), through the representation of Dr. Oswaldo Mário Pêgo de Amorim Azevedo, Vice-President of Sul América Seguros up to October of 2003.

As from October of 2003, Fenaseg assumed the presidency of the Globalization Committee of FIDES, having developed a Work Plan to be executed in the two years that it will exercise this function, which will involve the discussion of the following themes:

- The Integration of the Insurance Industries
- Electronic Trade of Insurance and the Illegal through - Border Insurance Trade
- Robbery and Theft of Automobile Vehicles and Goods

The United States of America, Mexico, Colombia, Honduras and Chile are also members of the Globalization Committee.

FIDES groups the representative entities of the private insurance companies of the Americas and the Iberian

Peninsula. Recently, FIDES approved the ingress of the Portuguese Association of Insurers as Active Member, and of the Institute of Studies and Investigation of Insurance of Central America, Panama and the Caribbean and Funenseg – National Foundation School of Insurance as Adherent Members.

In 2003, the XXIX Hemispherical Insurance Conference was held in the Dominican Republic in the period from 26 to 29/10. The Brazilian committee consisted of 30 representatives.

IAIS – International Association of Insurance Supervisors

IAIS aggregates, as Active Members, the insurance supervisory authorities of more than 110 countries, SUSEP amongst them. One of its functions is to establish international principles and norms for supervision of insurance operations, which will orientate the development of the control systems of these authorities. Dozens of companies and organizations representative of the insurance, reinsurance and financial sectors of diverse countries also integrate this entity as Observer Members.

In this condition, in May of 2002, Fenaseg joined the entity, having participated in the IX and X Annual Conferences of IAIS with the purpose of becoming acquainted with the precepts originating from it and the international regulation tendencies.

Brazil – France Cooperation Agreement

This accord focuses on the development, interchange and reciprocal collaboration between Fenaseg and Fédération Française d'Assurance (FFSA), mainly in the areas of insurance, combat of fraud and professional training.

The FFSA offers innumerable courses including scholarships. In the same way it interacts with an important fraud combat organ, the ALFA - Agence pour la Lutte contre la Fraude à L'Assurance, which offers services providing information, research and formation of agents and investigators who are contracted by the Insurers as well as promote approximation with Government Powers.

Integrated Plan for the Prevention and Reduction of Insurance Fraud

In 2003, Fenaseg gave priority to the organization of the area that is entrusted with implementing and executing the set of institutional actions of preventative and investigative nature for the reduction of fraud in insurance operations having made available financial resources for the contracting of specialized personnel in information management in actions of prevention and education and in insurance law and investigation, equipping the unit with technological resources necessary for the management of the Integrated Plan for Prevention and Reduction of Insurance Fraud.

The Integrated Plan, which covers institutional actions and specific actions under integrated management, is in an advanced stage of implementation. Highlights from the initiatives and agreements already signed include: the implementation of the insurance denouncement hot-line in the State of Rio de Janeiro, a service that will also be implemented in São Paulo and Minas Gerais.

The first approach to the issue of fraud prevention started with a nationwide market survey for the evaluation of the insurance image, the tolerance of the population to the practice of insurance fraud and its propensity to practice fraud. Results of this survey will permit the tracing of the panorama of sentiments of the population in relation to the use of insurance and will indicate the creation of clarification campaigns about insurance to diverse public consumers as well as offering courses to specialized technical personnel of the insurance industry and to university students.

Another step in the action of prevention was the defining of insurance fraud quantification indicators for the periodical measuring of its effects on the insurers. The compilation of these indicators together with the results of the market survey will compose a more realistic picture of the consequences of fraud in the market, permitting the evaluation of the measures adopted to minimize fraud impact.

The use of intelligent information, capable of identifying

patterns of behavior and pointing out tendencies, is an important mechanism for the actions of prevention and investigation. It has been the focus of study and the association of forces of the Associated Insurers in order to perfect and widen the shared data bases as well as define integrated solutions for the Brazilian Insurance Industry.

The strengthening of the actions adopted to combat insurance fraud in the market is based on the changes that include the self-regulation of the sector and the across-board adhesion of a code of ethics. In this sense a compendium of good corporative practices for Insurance Companies, for the reduction and prevention of insurance fraud, has been prepared and is now in the discussion phase.

Included among the procedures that guarantee the success of the Integrated Plan of Prevention and Reduction of Insurance Fraud are: investments in protection mechanisms of market operations using advanced techniques of investigation and information technologies; promotion of prevention campaigns and education programs targeting the consumer as to the responsibilities and guarantees built into the insurance contracts.

Projects and Services

Fenaseg administrates diverse data bases, the contents of which are made available to the insurance industry at large.

SISEG – Integrated System of Insurance Technical Data

This system brings together the data banks that Fenaseg makes available to the affiliated insurers and that use data bases of Fenaseg, Denatran, ACSP – São Paulo

Trade Association and Fenacor through agreements. It also covers the information exchange system between Insurers.

SISEG has as objectives:

- To prevent fraudulent acts against the Insurance market.
- To improve the underwriting of risks in all the Insurance sectors.
- To improve the procedures for loss adjustments and settlements.

RNS – National Claims Registry

The RNS, one of the data banks that integrates the SISEG – Integrated System of Insurance Technical Data, counts on the adhesion of 95% of the companies that operate in the automobile sector. Its data base on December 12th/2003 accumulated 4.9 million automobile claims and 8.6 thousand claims on life and personal accident insurances and pension plans.

It has been used intensely by the insurers for the underwriting of risks and in loss adjusting, since it facilitates the cross-checking of a large amount of information contained in its ample data base.

In addition to the information provided by the insurers, RNS also uses the data bases of DPVAT, Denatran (BIN Fabril, BIN Robbery and Theft and State BIN), of the National System of Liens (SNG), and also of the São Paulo Trade Association, which makes available the information of “Use a Check”, and Personal and Business SPC, amongst others.

At the present time, the RNS houses only data related to claims in the automobile, life, personal accident and pension insurance sectors, however, preparations are underway to include information related to any other insurance line.

Accumulated Registry - Automobile Claims

Period	PP	I.I.I.	I.I.R.	THEFT	LOC	RCFV	RE	TOTAL
jan/03	2,793,535	113,797		382,116	108,635	365,210	3,173	3,766,466
feb/03	2,851,715	116,450		387,819	112,125	378,048	3,298	3,849,455
mar/03	2,916,148	121,080		392,689	117,283	392,672	3,426	3,943,298
apr/03	2,977,423	124,160		400,340	119,896	404,635	3,571	4,030,025
may/03	3,041,446	181,878		532,318	121,401	422,139	3,708	4,181,489
jun/03	3,092,464	186,469		541,365	123,721	433,397	3,865	4,257,560
jul/03	3,172,397	193,754		555,270	126,600	471,517	3,998	4,396,936
aug/03	3,253,130	198,916		564,686	129,129	486,355	4,181	4,507,268
sep/03	3,309,097	214,438		575,723	137,399	500,860	0	4,600,118
oct/03	3,379,783	218,521	706	586,272	140,591	517,757	0	4,703,039
nov/03	3,444,685	222,165	1,806	595,141	143,256	534,919	0	4,798,716
dec/03	3,513,744	225,188	2,762	603,379	145,421	548,053	0	4,893,126

Period	Accumulated Registry - Life, Personal Accident and Pensions Claims							
	Insureds	Beneficiaries	Brokers	Lawyers	Hospitals	Attorneys	Doctors	Total of Claims
Dec/03	8,575	4,331	5,089	0	0	0	0	8,575

Bonus Center

In operation since July of 2001, the Bonus Center issues an automatic bonus confirmation amongst the insurers possible and improves the process of acceptance of automobile insurance proposals.

With the increasing demand for this type of information, a system was developed that permits issuance of contract confirmations made in a rapid and safe way via Internet, through a totally computerized process, dispensing the use of paper documents supported by efficient protection mechanisms.

The system makes available two modules: the Manual (individual), for the insurers with a small number of queries and the Automatic (in lots) to facilitate large volumes of confirmation.

The Bonus Center also takes rigorous control of the replies to the queries, with permanent exchange of information for answering doubts arising from the process.

Twenty six insurers have already adhered to the System, representing more than 98% of the total premiums in the automobile sector.

In 2003, 1,8 million queries were made, with average reply time of 12 hours.

Summary	Number of queries sent	Number of replies received	%
jan/03	146,553	146,219	99.8%
feb/03	126,039	125,903	99.9%
mar/03	135,464	135,448	100.0%
apr/03	129,262	129,262	100.0%
may/03	166,956	165,763	99.3%
jun/03	133,735	133,663	99.9%
jul/03	155,339	155,339	100.0%
aug/03	148,810	147,975	99.4%
sep/03	153,906	152,473	99.1%
oct/03	161,678	161,678	100.0%
nov/03	141,767	141,753	100.0%
dec/03	165,399	164,750	99.6%
TOTAL	1,764,908	1,760,226	99.7%

SIAC – Automatic Circularization System

As from July of 2002 the Insurers began to count on one more fast communication tool for combating fraud and divulging market information – the SIAC – Automatic Circularization System

The system allows the exchange of information between the insurers using the Internet as the means of communication.

The Automatic Circularization System manages the questions and answers related to losses and any other type of information, in the form of free texts so that no questioning remains unanswered.

It began to function at the end of July of 2002 and on 31st of December 2003 it presented the following numbers:

Summary Jan 03/ Dez 03	Number of queries sent	Number of replies received	Numbers of Insurers
	1,880	37,358	36

SNG – National Liens System

Computerized system that permits the financial institutions the inclusion and write-off of liens relative to Fiduciary Alienation, Leasing and Reserve of Domain directly in the data bases of the Detrans, eliminating bureaucratic processes and fraud.

The great advantages of the System are: for the Financiers – greater safety in the control of propriety of the vehicle financed; for the Owners – greater speed in the release of the liens; for the Insurers – guarantee in the acceptance of the risk and in the payment of the loss; and for the DETRANS – safety of procedures, elimination of the keeping of documents, reduction of tasks and receipt of monthly contributions.

Fenaseg made agreements with all the Associations representative of the financial institutions so that the liens resulting from the financing operations of vehicles can be registered in the DETRANS, directly by the financing companies in an automatic way and with absolute safety.

The contracting Associations are:

ABAC	Brazilian Association of Consortium Administrators
ABBC	Brazilian Association of Commercial Banks
ABBI	Brazilian Association of International Banks
ABEL	Brazilian Association of Leasing Companies
ACREFI	National Association of Credit, Financing and Investment Institutions
ANEF	National Association of Financial Services and Consortium of the Automobile Industry
ANFAC	National Association of Factoring Companies
FEBRABAN	Federation of the Brazilian Association of Banks

In addition to the companies affiliated to these Associations, the SNG is also used by various other entities that operate in the modality of reserve of domain. Amongst them are highlighted the vehicle concessionaires.

Information referent to the liens of vehicles resulting from fiduciary alienation, leasing and reserve of domain held in 2003 with the DETRANS by banks, financiers and consortiums with agreements with Fenaseg:

SNG 2003

State	INCLUSIONS
SP	1,519,737
MG	393,200
PR	371,956
RJ	213,956
GO	130,517
RS	65,624
MS	43,128
PE	12,890
MA	875
Total	2,751,883

In the first quarter of 2004 the Detrans of the states of Mato Grosso and Espírito Santo integrated the system totaling 11 Detrans in operation with the SNG.

By the end of the 1st four month period of 2004, the Detrans of Bahia, Piauí, Santa Catarina and Tocantins should be integrated.

With these 15 Detrans, the SNG will have approximately 90% of the total number of liens under its control.

Currently the SNG counts on more than 3,085 users, thus distributed by quantity and percentage of use:

Users	Number	Use (%)
Banks	142 4.6%	55%
Consortiums	307 10.0%	18%
Agent Banks	6 0.2%	10%
Financiers	80 2.6%	9%
Leasing	74 2.4%	3%
Others Institutions	2,476 80.3%	5%
Totals	3,085 100.0%	100%

Projects Implemented in 2003

CESVI – Center of Experimentation and Road Safety

On 15th of January 2003, Fenaseg signed an agreement with CESVI, which is the sole research center focusing on automobile repair statistics in the country and the first one in Latin America.

The mission of CESVI BRASIL is to provide solutions for the prevention of accidents and automobile repair by means of research, training and technical publications, aiming at the evolution of the whole repair industry.

Through this agreement, CESVI supplies Fenaseg with the results of the research relating to vehicle repair and services of technical content developed or validated by the Center:

1 – **Timework Tables (BAREMO)**: tables containing the time of substitution, repair, mechanics and painting of determined national vehicle parts object of technical and scientific research.

2 – **Index of Reparability**: result of the calculation made, based on the results of the low speed impact tests on the front and rear parts of the vehicle object of the research, done in accordance with the procedures established by the Research Council for Automobile Repair (RCAR) for “Low Speed Impacts”, in which will be enumerated the damaged parts and the time spent for repair or substitution of the referred to parts and the cost inherent to this process.

3 – **Basic Spare Parts Basket**: comparative of the variation of the prices practiced by the National Vehicle Manufacturers of the 15 main automobile parts used habitually in collision losses.

4 – **Technical Information**: presentation about vehicles recently launched in the market, containing data on models, engine data, safety systems and existent versions, apart from the target public, sales estimates and technical literature supplied by the vehicle manufacturers.

The Technical Consultative Council of the CESVI Agreement is currently chaired by Ricardo de Sá Acatauassú Xavier, Director for Automobile Insurance and Institutional Affairs of Fenaseg, who has the objective of accompanying and preparing suggestions on the work under the Agreement.

- a) To accompany the execution of the work;
- b) To prepare suggestions about the work conducted by CESVI;
- c) To suggest priorities with respect to the effecting of the services; and
- d) To participate in technical meetings with the Manufacturers and other entities.

In 2003, in response to demands from the insurance industry through the Consultative Council, research work was started on the functioning and efficiency of the Tracking and Ignition Blocking Systems of vehicles available in the Brazilian market.

In 2004, the development of research studies on the potential armored vehicle market in Brazil and on the

truck market was carried out and is now in the evaluation and discussion phases together with the CESVI.

Brokers Data Bank – BDCOR

Fenaseg and FENACOR celebrated an agreement for the implementation of the Brokers Data Bank which was made available for the insurers in July of 2003, in order to comply with the requirements of the SUSEP Circular nbr. 202/2002 dated 09/26/2002, modified by Circular nbr. 207/2002 of 11/27/2002, which makes mandatory, the prior consultation of the re-registered brokers register for the purposes of acceptance of proposals and payments of commissions.

The System has the objective of allowing registered insurers to consult the Insurance Brokers Data Bank so as to check if they are regularly registered and to obtain registry information and copies of the respective documentation.

The insurers have access to the data in the following way:

- Direct individual consultation;
- Selection of the list of all the brokers of an insurer;
- Individual selection;
- Download option of files containing all the data of determined brokers.

Ongoing Projects

RNS - Life, Personal Accident, and Pensions Claims

The system is ready for the input of claims data in respect of Life, Personal Accident, and Pensions. Five insurers are registering the claims and the system has already pointed out several cases that match with Automobile claims.

Frontier Project - SINIVEM

The National System of Identification of Vehicles in Transit - SINIVEM integrates various data bases and through optical reading of the vehicle plates identifies their characteristics, model and color through OCR technology. It is operating on experimental basis since January of 2003.

Conceptual Data Bank

Agreement signed with SUSEP for the modeling and development of a standard data base for implementation in all the insurers, containing data and information of interest to them for management purposes and to SUSEP for supervision and monitoring purposes.

New Projects

RNS - Non-Life and Health Insurances

To include Non-Life and Health Insurances claims in the RNS.

Benefits generated by the use of RNS

To establish rules and formulas (metric) for measuring the benefits generated by the RNS for the insurers and make available monthly reports on these.

Refused Proposals Data Bank

To create a data bank for storage of the proposals refused by the insurers in all insurance lines and complementary pension plans, with the objective of avoiding cases of fraud.

Accident Vehicles Data Bank

To create a data bank for the storage of vehicle accidents records in the cities and on the roads. The data will be obtained from Denatran, Detrans of each State, the Federal Highway Police and other organs of traffic control and inspection.

Risk Accumulation Data Bank

To create a data bank for the storage of basic information (CPF, capital insured, effective date, expiry date, and code of the insurer) in the policies and contracts of life insurance and complementary pension plans, so that the amount at risk per person (CPF) can be known.

VIN Project

A system for checking all national and imported vehicle identification number for the purposes of including that information in the RNS to help automobile underwriting and claims adjusting or settlement.

RECALL Project

To develop a system and data bank, with access to the data base of Denatran, to check whether vehicle owners have answered the recall made by the manufacturer. The objective is to permit the insurers identify, at the time of underwriting or the settlement of a claim, the vehicles that have not answered the recall.

Information Technology Suppliers Guide

To prepare and organize a data bank of suppliers of IT to the insurance industry.

INFOCRED/SEG - SPC/ACSP

In partnership with ACSP, to develop a system to translate the credit risks of new insured parties into a "score" and at the time of the renewals.

Digital Certification

Analysis of the impact of the adoption of Digital Certification in the operational processes and routines of the Insurers. Development of a model project for implementation of Digital Certification in the insurance industry.

Data Bank of Vehicle Inspection Certificates - INMETRO/DENATRAM

Development of a system and data bank for the storage of all inspection certificates and the licensing of vehicles made in the various States. The information will be provided by the OI – Inspection Organisms accredited by INMETRO – and made available to the Detrans and Denatran. The Insurers will have access for the purposes of automobile insurance underwriting and claims adjusting or settlement.

Directorate for Life Insurance and Pension Plans

Following the process of professionalizing its activities, in 2003 Fenaseg implemented the Directorate for Life Insurance and Pension Plans (DIVID), the creation of which resulted from the need to give specialized attention to these business, providers of an ample system of family protection against the risks associated with disability, death and survival.

New Projects for 2004

Contracting of Risk Coverage by Close-end Complementary Pension Funds Entities

Analysis of the stipulation/approval of risk coverage by close-end complementary pension funds entities with the insurance industry.

Stipulation of Insurance

The elaboration and forwarding of a proposal for alterations in CNSP Resolution nbr. 107 of January 19th/2004 to SUSEP.

Investments

Project designed to improve the rules for the investment of resources, provisions, technical reserves and funds.

Solvency Margin

A study contracted to subsidize the formulation of proposals to be sent to SUSEP, with a view to regulating the solvency margin for life and open-end complementary pension plan insurers.

Risk Mitigation

Study for development of plans to include a clause for the periodical re-agreement of the technical parameters during the deferred period of contracts and typifying of the re-agreement of income.

Plans Focusing on People with Low Income

Analysis for the development of regulation in respect of plans that match the needs of people with a low income (PLR plans – Plans with Participation in Profits and Results).

PGBL and VGBL Multi-funds Plans

Study for the structuring of plans of the PGBL and VGBL type with option for the participant / insured party to choose the mutual funds where his resources will be invested.

Portability

Study for the perfecting of norms so as to permit the portability of resources between open-end complementary pension plans, close-end complementary pension plans and FAPI's, FGTS, etc.

Tax Re-modeling

A study contracted to develop - within the ambit of personal insurance and complementary pension plans – a proposal to be sent to the Government to optimize the potential of these segments from the tax point of view.

Chambers and Commissions

Participation of Fenaseg in Commissions and Chambers of other entities.

Capital Market Director Plan – Executive Committee

Chairman: João Elísio Ferraz de Campos Fenaseg

Deputy: Luiz Peregrino Vieira da Cunha Fenaseg

Objective: To discuss the directives that aim at the renewal of the productive activity through the capital market – through a set of actions to be taken by the Government and Private Sector.

Council of Appeals of the National System of Private Insurance, Open-end Complementary Pensions and Capitalization (CRSNP)

Chairman: Ricardo Bechara dos Santos Sul América Cia. Nacional de Seguros

Deputy: Luiz Tavares Pereira Filho Bradesco Seguros S.A.

Objective: To take a final administrative decision on appeals concerning decisions taken by the Superintendence of Private Insurance – SUSEP and IRB – Brasil Resseguros S.A., in the cases specified in the legislation.

National Accreditation Organization (ONA)

Chairman: Otelo Côrrea dos Santos Filho Fenaseg

Deputy: Maria da Glória Faria Fenaseg

Objective: Promotion of the process of accreditation aiming at improving the quality of health care in our country and the productivity of hospitals, ambulatories, specialized clinics etc., and to control the impact of the costs of service on public and private budgets.

FIDES - Inter-American Federation of Insurance Companies

Person Responsible: Ricardo de Sá Acatauassú Xavier
Fenaseg

Brazilian Mercoseguros Committee

Person Responsible: Ricardo de Sá Acatauassú Xavier
Fenaseg

Pan-American Association of Bonds and Guarantees

Person Responsible: João Gilberto Possiede
J. Malucelli Seguradora

National Health Council – Ministry of Health

Chairman: Marcio Serôa de Araújo Coriolano
Bradesco Saúde

Deputy: Pedro Antonio Fazio
Sul América Seguro Saúde

Objective: To establish directives to be observed in the preparation of health plans apart from acting in the formulation of the strategy and control of the execution of the National Health Policy.

Technical Chambers – ANS

The National Agency of Supplementary Health (ANS) has created the Chamber of Supplementary Health, with representatives from all the health operators and from other segments involved for discussion and debate of the polemic themes related to the regulation of health insurance plans. Following the establishment of the Chamber of Supplementary Health, Technical Chambers were created for the specific debate of themes such as mental health, registration information, financial guarantee, accounting issues etc. Fenaseg is represented in all of them.

Chamber of Supplementary Health

Objective: Discussion and preparation of norms relating to supplementary health.

Chairman: Marcio Serôa de Araújo Coriolano
Bradesco Saúde

Deputy: Pedro Antonio Fazio
Sul América Seguro Saúde

Technical Chamber for Medical Affairs – Temporarily Suspended

Objective: Discussion of the methodology for the revision of the list of procedures, the Project directives and

supplementary health and the guarantees for the doctor-patient relationship in the contracting.

Chairman: Rildo Pinto da Silva
Sul América Seguro Saúde

Deputy: Sheyla Regina L. C. Rodrigues
Bradesco Saúde

Technical Chamber for Contracting

Objective: To establish technical criteria and operational routines to guarantee the rendering of the assistance contracted by the beneficiary and to define the minimum conditions of the contractual instrument.

Chairman: Pedro Antonio Fazio
Sul América Cia. Nacional de Seguros

Deputy: Manoel Roberto Gottsfritz Cardoso
Brasil Saúde

Technical Chamber on Policies for the Adjustments and Technical Revisions

Objective: Discussion of the parameters and ways of sending the data that will be analyzed by ANS for the policy of annual adjustment of prices of the plans of healthcare and services.

Chairman: Marcio Serôa de Araújo Coriolano
Bradesco Saúde

Deputy: Claudio Jorge Safadi
Sul América Cia Nacional de Seguros

Technical Chamber for Revision of TUNEP

There was no meeting between June /03 and June/04

Objective: Discussion of the revision and updating of the list of procedures, the value of the procedures integrating the list and the regionalization of TUNEP.

Chairman: Olimpio Távora de Corrêa
Deputy: Luiz Fernando Srointchok

Age Brackets Technical Chamber

Objective: To redefine the current age brackets in function of the taking of effect of the “Statute for the Elderly”.

CSS prepared a study of the data base of the sector and sent a proposal to the ANS Age Brackets Technical Chamber, based on a graph demonstrating that the evolution of the medical-hospital costs is intimately connected to the increase in age of the insured parties, reason for which the pecuniary counter-installments must reflect the closest possible amount of cost of each age.

Chairman: Gabriel Portella Fagundes Filho
Deputy: Marcio Serôa de Araújo Coriolano

Ministry of Agriculture

Chamber on Thematic Financing and Farming Insurance

Chairman: José Américo Peón de Sá

Área Seguradora

Deputy: Luiz Roberto Paes Foz

Seguradora Brasileira Rural

IRB-Brasil Re

Board of Directors

Luiz Tavares Pereira Filho

Bradesco Seguros

Jorge Hilário Gouveia Vieira

Sul América Cia. Nacional de Seguros

Fiscal Council

Incumbents:

Antonio Carlos Nascimento Sanches

Generali do Brasil Cia. Nacional de Seguros

José Carlos Moraes Abreu Filho

Itaú Seguros

Deputies:

Salvador Cícero Velloso Pinto - Fenaseg

João Alceu Amoroso Lima - Fenaseg

Technical Committee

Members:

Ivan Gonçalves Passos

Sul América Cia Nacional de Seguros

José Luiz Nunes

Itaú Seguros

Mario Celestino Bicalho de Figueiredo

Unibanco AIG

Deputies:

Luiz Augusto Momesso

Aliança da Bahia

Arlindo da Conceição Simões Filho

AGF Brasil Seguros

Investment Committee

Objective: To analyze the policy and behavior of the investments.

Marcos Pessoa de Queiroz Falcão

Icatu Hartford

Samuel Monteiro dos Santos Jr.

Bradesco Seguros

Committee for the Criteria of Security Analysis

Members:

Cesar Jorge Saad

Unibanco Seguros

Carlos Eduardo Corrêa do Lago

Bradesco Seguros

Deputies:

Jacques Bergman

Itaú Seguros

Carlos Frederico da Costa Leite Ferreira

Área Seguros

Guarantee Insurance Working Group

João Gilberto Possiede

J. Malucelli Seguradora

José Américo Peón de Sá

Área Seguros

SUSEP

Special Commission for Norms and Procedures

Casimiro Blanco Gomes

Porto Seguro

Luiz Tavares Pereira Filho

Bradesco Seguros

Salvador Cícero Velloso Pinto

Fenaseg

Special Commission for Products and Services

Carlos Alberto Trindade

Sul América Seguros

Santi Cianci

Generali Seguros

Maria Elena Bidino

Fenaseg

Special Commission for International Affairs

Oswaldo Mário Pêgo de Amorim Azevedo

Sul América Seguros

Paulo Miguel Marracini

AGF Brasil Seguros

Ricardo de Sá Acatuassú Xavier

Fenaseg

Special Commission on Accounts

Objective: To deal with accounting and financial matters relating to the insurance, capitalization and open-end complementary pensions plans operations, such as Accounts Plan, fiscal and tax legislation and investment norms etc.

Responsible persons: Luiz Pereira de Souza – Tokio Marine Brasil Seguradora S.A.; Ney Lourenço – Itaú Seguros S.A.; João Guarda Filho – Liderança Capitalização S.A.; Laênio Pereira dos Santos – Sul América Cia. Nacional de Seguros.

Actuarial Commission

Objective: To deal with actuarial matters relating to the insurance, capitalization, and open-end complementary pensions plans operations, such as technical provisions, biometric tables, actuarial evaluation and technical limit.

Responsible persons: Antônio Carlos Batalha Ribeiro – Sul América Cia. Nacional de Seguros; César Torres – Bradesco Seguros; Sinval Chaves de Oliveira – Generali do Brasil Cia. Nacional de Seguros; Anna Paula Nardi – Sul América Capitalização.

Brazilian Center of Mediation and Arbitration

The center has been constituted since July of 2002, having Fenaseg, Federation of Industries of Rio de Janeiro (FIRJAN), and the Trade Association of Rio de Janeiro as founding members, with the purpose of implementing alternative practices in the settling of conflicts.

Legal Area

The Legal Directorate has the mission of analyzing and orientating all areas of Fenaseg and the Insurance Industry, when necessary. Within this proposal, its activities develop, based on the gathering and dissemination of information, accompanying of projects of law and amendments, coordination of the collective, legal or administrative actions, analysis and preparation of contracts, conventions and agreements and also the preparation and monthly distribution of the Legal Report.

Amongst the legal actions coordinated by the Legal Board is highlighted the Direct Action of Unconstitutionality nbr. 2905, filed by the National Financial System Confederation (CONSIF), having the declaration of unconstitutionality of Law nbr. 14.507/02 as the object, which established norms for the sale of capitalization securities and similar in the State of Minas Gerais. The suit is pending judgment by the Federal High Court.

In the same way, the Direct Act of Unconstitutionality

nbr. 3207 deserves attention, as it questions the provisions of Law nbr. 12.562, of April 19th of 2004, which establishes criteria for the publishing of the referential list of medical fees - CBHPM (Brazilian Hierarchic Classification of Medical Proceedings) within the ambit of the State of Pernambuco. An initial decision was not given to stay the effects of the impugned normative act.

Still in relation to Health Insurance, the Direct Action of Unconstitutionality nbr. 1931 remains without a decision on its merits, filed by the National Confederation of Health – Hospitals, Establishments and Services (CNS) before the President of the Republic and the National Congress. In August of 2003 the Federal High Court considered as unconstitutional the Art. 35-G (current Art. 35-E) and the expression “current and” in the §2, Art. 10 of Law nbr. 9656/98.

The organs and consumer defense associations had strong action in the legal field, the National Association of Assistance to the Consumer and Worker (ANACONT) having also filed Public Civil Suit nbr. 2004.51.01.000151-0 before the Superintendence of Private Insurance with the objective of ensuring the offer of automobile insurance in the modality of determined value. Bearing in mind that the success of the demand will affect the industry, the Insurance companies will be participating in the suit directly or through representation of Fenaseg, as co-defendants or assistants.

The other Public Civil Suits of Goiás, Santa Catarina and Ceará, involving market value and determined value, continue awaiting a decision on their merits.

The discussions about the write-off of salvage came to light with the Collective Civil Suit nbr. 2003.001.093881-8, filed by the National Association of Assistance to the Consumer and Worker (ANACONT), still in summons phase.

Also Public Civil Suit nbr. 2004.51.01.008341-0 proposed by the Brazilian Association of the Official Press (ABIO) and the Official Press of the State S.A. (IMESP) before SUSEP, has been accompanied by this Directorate and which has the objective of revoking Circular nbr. 244, which dispenses with the six monthly publication of the financial statements of the Insurers in the Official Press. Fenaseg will enter the plea in the quality of co-defendant or assistant, representing the Insurance Companies.

The development of the legal actions of interest to the market were monitored and informed to the insurance industry through bi-monthly reports made available by electronic medium.

Without a shadow of doubt the year 2003 was marked by the massive interventions of the Public Prosecutor Office in administrative procedures in various States with the intent of inquiring matters concerning salvage, market value and relationships with insurance entities.

The administrative procedure started in 1998 and initiated by the Representation of ABRIVE in the Secretary of Economic Law against Insurance Companies was transformed into an administrative process in August of 2003 with the São Paulo and Paraná Trade Associations having been added to the list of those represented.

The work developed by the Parliamentary Enquiry Commission created to investigate denunciations of irregularities in the rendering of services by private companies and institutions of health plans was monitored by the Legal Directorate in conjunction with the Directorate of Health Insurance, having come to good terms.

Governmental Relations

In a coordinated way and in joint and continuous work, the CPAI (Permanent Committee for Institutional Affairs), the Legal Directorate and the Directorate for Government Relations of Fenaseg analyze and point out distortions and suggest alterations in the Law Projects, the Proposals for Constitutional Amendments and the Provisional Measures; in the development of matters and in other actions that are developed in the National Congress and States Legislatures, by means of the sending of reports and amendments to the members of Congress and Legislatures. The Projects shown in the attached sheets are noteworthy.

The Directorate for Government Relations is in charge of representing Fenaseg before the Public Powers, to daily monitor the development of propositions presented in the Legislative Houses, to present

amendments, suggestions and solutions to the authors and judges of the matters presented in the Chamber and in the Senate, accompanied by Fenaseg; to give consultation and advice to Fenaseg, with reference to the Legislative processes and Congress Activities by means of the accompanying of the sessions of the Plenary and Technical Commissions within the ambit of the Legislative Power; to manage the registry and updating of the information with respect to the matters of interest to the insurance industry; apart from providing the sending and accompanying of the processes in the Executive and Judicial Power.

SISPROLEG

The System for Monitoring Legislation Proposals and Projects, coordinated by the Directorate for Government Relations permits the registry and accompanying of all Proposals and Projects of interest to the market, offering subsidies and support to the work of the Legal Directorate and the Directorate for Government Relations as well as to the technical and strategic areas of Fenaseg.

On the other hand, SISPROLEG constitutes the data base for the action of the Permanent Committee for Constitutional Affairs (CPAI).

Insurance Magazine

The oldest insurance periodical in Brazil, the *Revista de Seguros* (Insurance Magazine), which began to circulate in the 1920s, is the official publication of Fenaseg. In its quarterly editions the magazine touches on the most up to date questions relating to insurance, open-end complementary pension plans and capitalization in articles signed by experts and journalists.

In 2001, the *Revista de Seguros* went through a process of graphic and visual modernization. The objective of this reformulation, which preserves the editorial definitions of the magazine, was to make it more efficient in its role as a corporate publication open to treat matters of economic interest and cultural issues as a way to straighten ties with its increasing number of readers.

The magazine is distributed to a wide array of readers including international insurers, reinsurers, insurance brokers, associations and representatives of the market, university libraries and policymakers, professionals

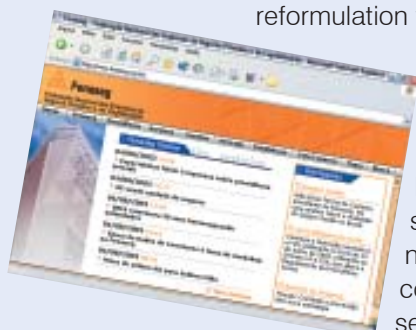
connected to the insurance market, business personalities and members of the Government, Congress and Legislatures, and Judiciary, cultural institutions and advisory bodies of the most diverse specialties.

E-mail Insurance

Fenaseg also edits a directed circulation publication: the "E-mail Insurance". Published weekly, it is the modern version of the former "Fax-Insurance". It has maintained however, its objective of making available corporate information, urgent news, and lists of market events promoted by Fenaseg or Trade Associations and the agenda of the Technical Commissions. Currently accessed by more than 800 users including directors and insurance market specialists, the "E-mail Insurance" has improved its accessibility to officers and managers at various levels in insurance, capitalization, and open-end complementary pension fund companies.

Home-page

In the first half of 2003, the Fenaseg *home-page* in the Web went through a new graphic and editorial reformulation with the objective of offering



to its users a more agile and efficient navigation. The information is grouped in the most functional way, giving highlight to *Fenaseg ONLINE*, service of insurance industry news. The Fenaseg site also counts on the following fixed sections: "*Fenaseg*": presentation

of the institutional and statutory profile of the Federation, objectives, organization chart, composition of the councils and board, activities of Fenaseg, and work program; publications – such as the "*Social Balance*" of the insurance, complementary private pension plans and capitalization sectors in Brazil, "*Fenaseg Report*", and the "*Guides*" published by the entity; "*Presidency*" - agenda, pronouncements and general information about the organization and its President; "*Services*" – such as SIAC, SNG, SISEG and FIPE Table; "*Events*" – of Fenaseg and/or those in which there is participation of its representatives apart from market events in general; "*Market*" – updated information on National System of Insurance, Merco-insurance, Fenacor, Funenseg and companies that compose the sector; "*Insurance Statistics*", "*Open-end Complementary Pensions Plans*", "*Capitalization*", and "*Reinsurance*". Access our site: www.fenaseg.org.br.

Intranet

In addition to expanding the ways and means of its external communication, in 2001 Fenaseg launched an inter-departmental communication tool by means of "Intranet". Since that time, the electronic page, apart from universalizing contacts and giving instantaneity to the diffusion of the more relevant facts about the administrative and functional life of Fenaseg, it has provided a space where social topics can be ventilated apart from promoting improved internal communication thus contributing to a better quality of inter-personal relations at Fenaseg.

Books

Atividade Seguradora no Brasil
(*Insurance Activity in Brazil*)

In 2002, Fenaseg continued to distribute the book entitled *Atividade Seguradora no Brasil* (Insurance Activity in Brazil: fundamentals, history, regulation, and practice), in an updated edition, the circulation of which was directed to professionals, technicians, directors, opinion formers and authorities. The book was included in the marketing *kit* distributed to the participants of the Fenaseg Fiftieth Anniversary Commemorations, a solemnity that took place in Rio de Janeiro with the presence of the then President of the Republic Fernando Henrique Cardoso. A third edition is being prepared at this time.

Fenaseg Guides

Combating Money Laundering

Prepared by Fenaseg, with the support of SUSEP, the Fenaseg Guide on Combating Money Laundering was created with the objective of orienting insurance, capitalization and open-end complementary pension fund companies as well as insurance brokers on the best way to comply with Law nbr. 9.613/98, which institutes a policy and procedures directed to combating money laundering, the concealment of goods, rights and money resulting from criminal activity and also the SUSEP Circular nº 200/02, which explained the registration information of clients, beneficiaries and representatives to be presented by the companies that operate in the industry as necessary to comply with the present Law.





New Civil Code

The **Fenaseg Guide on the New Brazilian Civil Code** – Recommendations and Comments is the result

of ample work of research and debates on the repercussions of the changes brought about by the New Civil Code for the Insurance, Private Pensions, and Capitalization operations which involve not only the legal area but also the technical areas of the companies and the Federation. The objective of the Guide is to serve as a useful reference in the definition of the operational practices of the companies that operate in the Industry. A second edition of the Guide was prepared in 2004.

Capitalization

The **Guide to Capitalization** is the fruit of work done by technicians of the Federation and SUSEP and has the objective of divulging the principal concepts of the capitalization industry in simple and direct language.

Health Insurance – Guide for Quick Consultation

With the intention of preserving the good image of the sector and of promoting the Constant development of the industry of health insurance, CSS prepared the rapid consultation guide, the function of which is to orient public opinion on the most relevant aspects of the legislation and the relationship with the consumers. The material aims at the propagation of correct and clarifying information about the health area.



Arbitration – Resolving conflicts is now easier

Guide prepared for rapid consultation about how Arbitration works, to understand its procedures, areas of application, and verify its legitimacy.



Better Understanding for better use – He, who knows it, have it

Basic Guide to orient those involved in the operation of transport about its most common aspects and the insurance coverage of goods in transit.



Library

Attentive to the speed of the changes generated in this Age of Knowledge, the Luiz Mendonça Library has strived to offer the Insurance Industry products and services in real time.

The sector gathers a precious bibliographical collection composed of books about insurance, related subjects, technical manuals, year books, collection of Laws of Brazil, national and foreign periodicals, reference works, rare works about the history of insurance and entertainment books of various literary genres.

The Luiz Mendonça Library has been attentively assimilating the new technologies, which allow it to make available its data base on insurance and correlated matters on the Fenaseg site.

In addition to the services traditionally offered to the market, the Fenaseg Library also began to make available the access to the data base of the Statistics System of SUSEP (SES). The Fenaseg library also offers summaries of periodicals, on-line bulletin and service of alert.

The requests for publications not belonging to the Fenaseg collection can be made through the interchange system between libraries and Documentation Centers.

Queries and requests for information can be made by e-mail to the library at: biblioteca@fenaseg.org.br.

DPVAT Agreement

Law nbr. 6.194 of December 19th of 1974, instituted the obligatory “no-fault” automobile insurance to cover bodily injury caused by land motor vehicles or by their cargo to passengers or pedestrians.

In 1986, the Government saw the need to link the obligatory insurance to the annual licensing of vehicles, creating the DUT – Unified Transit Document, for better control and inspection of the payment of licensing charges and taxes by land motor vehicles owners.

To operate this new type of obligatory insurance, the Insurers that are organized in a pool of 61 companies signed an agreement in which Fenaseg was constituted as manager to administer their interests in their joint

operation of the obligatory insurance of DPVAT. This task is being carried out successfully by Fenaseg for more than eighteen years.

In 2003, DPVAT total premium income reached R\$ 1,440,838,582.31, of which 45% was directly passed on to the National Health Fund of the Ministry of Health and 5% to the National Road Traffic Department - DENATRAN.

In 2003, the Agreement settled 107,751 claims totaling R\$ 334,613,814.56. From this total, 34,735 were death claims; 16,929 permanent disability claims, and 56,087 were for reimbursement of medical expenses.

Activities of the Regional Trade Associations *

* The events held in the trade Associations in conjunction with Fenaseg are described in the section Events.

Rio Grande do Sul Trade Association

President: Miguel Junqueira Pereira

Educational Actions

• Institutional Actions and Social Responsibility

The engagement in institutional campaigns such as the collection of packaged foods and warm clothing for winter is already part of the annual routine of this trade association that carries out these activities through a process of education and mobilization of the organizations and the involvement necessary to multiply this action.

The Warm Clothing Campaign collected 2,287 items destined for the institutions: Community Association Jardim dos Coqueiros, Emanuel Society and Association of Residents of Vila Santo Antônio. The Food Collection Campaign benefited the Hospital Espírita of Porto Alegre and the Community Association Jardim dos Coqueiros.

• Cultural Project - Cycle of Lectures

This cycle of lectures through the Project allows the assistance to various segments in their respective areas of operation with themes related to the professional day to day life. Seven events were destined for informative updates and presentations. (See information - Events).

Relations with the Industry

• Meetings with the Industry

10 luncheons with Insurance Executives, Government representatives and Directors of the IRB and Detrans have taken place.

• Communication

Insurance Museum in Rio Grande do Sul

Nearly **146 items were donated** to the museum during the year 2003, representing an **increase of 175%** in the number of donations in relation to those of the previous year. This increase is interpreted by the Commission as the recognition by the market and the community in general of the Insurance Museum as a Project that seeks to preserve and divulge the history of the insurance market.

Listed amongst the activities developed in the year 2003 is the participation in the VII Collective Exhibition of the Museums of the 1st Region, and the **SBT Rio Grande** program that publicized the existence of the Insurance Museum, its location, composition of the collection as well as some historical curiosities.

As part of the publicity campaign, fliers were distributed at all events focusing on the Museum.

Pernambuco Trade Association

President: Mucio Novaes de Albuquerque Cavalcanti

Institutional Actions

The Trade Association participated in meetings with the operational areas of the Secretary of Social Defense and DETRAN/PE, with the objective of keeping close articulation with the aim of exchanging information and suggestions to achieve objectives of common interest, amongst them the reevaluation of supporting measures in the fight against the theft of vehicles and insurance fraud.

The Trade Association promoted meetings with the network of VOLKSWAGEN and FIAT concessionaires in order to evaluate possible adjustments in the price tables of parts and services for vehicle repairs. As a result of these endeavors, an agreement with the FIAT network was finally made.

Educational Activities

The Trade Association destined part of its sponsorship

budget to the **Friend of Insurance Program**, captained by the Pernambuco Regional Office of Funenseg, with the collaboration of this Trade Association and of Sincor-PE, and with the support of the principal insurance industry companies of the State. The **Friend of Insurance Program** aims at giving the opportunity to young low income workers, qualifying them to join the insurance industry.

Activities: support, co-sponsorship and participation in events, programs and courses in the insurance area promoted by entities such as Funenseg, SINCOR and Fenaseg.

Technical Actions

Accompanying of specific actions carried out by the Civil Police and Detran/PE, in the fight against insurance fraud, especially the removal of 560 burned and abandoned vehicles left on the roadways of the Metropolitan Region of Recife.

The Association joined Sincor-PE, DETRAN, and CTTU, in the making of an educative campaign for the regulation of **Art. 178 of Law 9503/97 (Brazilian Road Traffic Code)**, in which a fine is applied to the driver of a vehicle (in the case of collision without victims) who fails to remove the vehicle in question to a place close to the accident, so as to guarantee the safe flow of traffic in the vicinity and to remain on the scene for due registry of the occurrence.

Agreement with Fenaseg, with the objective of getting the support and articulation from the DETRANs of Pernambuco, Alagoas, Paraíba and Rio Grande do Norte, aiming at the implantation of the SNG – National Lien System. The Trade Association provided an work station for an employee of the SNG and in the month of December the SNG was fully operational in the state of PE.

Relations with the Industry

With a view to better servicing the market and fulfilling its mission to institutionally represent the insurance industry, the Trade Association of Pernambuco has made a physical and administrative restructuring of its offices, and now operates from a new head office. Still within this objective, it hired a professional to work in the Executive Coordination of the Trade Association, with the aim of incrementing the form of current relations.

Continuing the informative work for the local market, the Trade Association maintained regular mailing of circulars, resolutions, news and statistical data relative to the national insurance industry as well as the monthly disclosure of the Balance of the Insurance Industry of Pernambuco, presenting the data of the principal sectors of activities and the performance of each insurer.

Paraná Trade Association

President: João Gilberto Possiede

Institutional Actions

Continuing the excellent relationship maintained with the state authorities, especially those responsible for public safety, the President of the Trade Association, Mr. João Gilberto Possiede, and the Vice-President, Mr. Paulo Moll, visited the new commanders of the Military Police of Paraná and the Battalion of the Road Traffic Police (BPTTran), designated by the new State Governor.

Signing of the Inter-Trade Association Ethics Commission's bylaw was celebrated by the Brokers Trade Association of Paraná and the Insurance Trade Association of this State.

Participation of the Trade Association of Paraná in the XXIX Fides Conference in Santo Domingo, in the Dominican Republic, where it was represented by its President, João Gilberto Possiede.

Educational Activities

The Trade Association of Paraná gave its support to the organization, by the Regional Office of Funenseg, of the Post Graduate Course in Insurance Law and Business Operation. The course is destined for Law graduates with the objective of promoting the study and research on the relations referent to the insurance contract and the business activity with the view to perfecting technique and practice of those who operate in the specific area of Law.

Relations with the Industry

Visit to the company Tectran Sascar in São Paulo State to examine the new system of automobile tracking.

The Board of the Trade Association met with leading executives of the industry aiming at straightening relations and informing the market about the activities developed by the Federation.

Support for the construction of the Ecumenical Chapel of the Civil Police of Paraná, in partnership with the Brokers Trade Association of Paraná and Fenabrave - The inauguration was on 28th of September 2003.

End of year fraternization celebration of the insurance industry of Paraná with the participation of local market personalities, SUSEP, representatives of the General Command of the PMPR, BPTran, Detran PR and ARBITAC.

Minas Gerais Trade Association

President: Alberto Oswaldo Continentino de Araújo

Technical Actions

Since 1988, the Trade Association publishes the half yearly Statistical Data Report of the Minas Gerais Insurance Industry. In April of 2002, the 2nd half year and the year-end annual report of 2002 were published informing the total premium income in the period. In the same report the general total of claims paid out was also published. In October the same report was published referent to the period from January to July of 2003. The reports are distributed to the insurance industry, to the main companies located in the State, business entities and the press.

Santa Catarina Trade Association

President: Sergio Passold

Institutional Actions

- **Proposals to the State Legislative Assembly**
- Elaboration and forwarding of the draft of a Project of Law aiming at the alteration of the legislation that deals with IPVA charges in Santa Catarina, proposing proportional charging for stolen vehicles or with integral indemnity resulting from collision.

The Trade Association developed many actions relative to Road Traffic Safety such as:

- Proposals for the creation of a Road Traffic Safety Forum of the State Capital installed in the ACIF – Commercial and Industrial Association of Florianópolis for the permanent accompanying of the questions relating to this issue.
- Sponsorship of the Road Traffic Friend Project, receiving the DENATRAN Prize for Road Traffic Education.
- Straightening of the relations with the entities of the sector through visits to the head of the Road Traffic

Department, the Coordinator of the Peace in Traffic Program and the Director of DETRAN – this, amongst other matters, with the aim of making the SNG – National Lien System operational in the state of Santa Catarina.

- Participation as lecturer in Seminars on Road Traffic.
- Donation of seven damaged vehicles (salvaged) for training of the first aid and rescue teams of victims of traffic accidents of the Voluntary Fire Corp of Joinville.

Educational Activities

- Support went to the Post Graduation Course in Insurance Management (Funenseg – ICPG agreement) with SINDESESC promoting ample publicity and, as incentive, it granted scholarships to employees of associates both in class 1 (Blumenau) and in class 2 (Florianópolis).
- Support of the Multi-risk Insurance Course developed by Funenseg/SC in June/03 in Florianópolis.
- Development of the Risk Inspection Course in Multi-risk Insurance, in partnership with Funenseg.
- Creation of the lecture “Insurance-Data of the Industry and Fundamental Concepts” in conjunction with Ampla Consultoria e Treinamento Ltda, to be held in universities and class entities.

Technical Actions

- To particularize studies and to foment specific activities, the commissions of Personal Risk from Diverse Sectors and Legal were created.
- The information systems “Segfurt” (data bank of robbed/stolen vehicles in SC) and “Special Losses” were updated and perfected.

Relationships with the Industry

- **Services**
- Creation of the Social Balance Report presenting in three booklets (Automobile & Health – Return to Society - Social Responsibility) the relevant data and functions of the national and Santa Catarina markets.
- Support to the restructuring and assignment of physical space for the ACTS (Sta. Catarina Association of Insurance Technicians).
- Holding of the Christmas Solidarity campaign in the cities of Blumenau, Florianópolis and Joinville.

Rio de Janeiro Trade Association

President: Oswaldo Mário Pêgo de Amorim Azevedo

Institutional Actions

In consonance with the principles established in its bylaw the Trade Association continued to collaborate with the public powers, class entities and associations also in the sense of promotion of social solidarity, and the following initiatives can be named:

- Support to the INMETRO certification of the vehicular safety inspection post equipment of Detran - Tijuca.
- Contracting of a study on the economic potentials of the State of Rio de Janeiro.
- Renewal of the agreement with the Defenders of the Earth Association, NGO acting in the environmental questions.
- Support to the undertaking of work on the Automobile Robbery and Theft Police Station.
- Support to the social programs of the Rio de Janeiro Tribunal of Justice.

Educational Activities

Support went to the Training of Detran experts as well as the Seminary of the State Secretary of Public Safety on cargo theft in Barra do Pirai.

Meetings were held with the State Secretary of Finances of the State of Rio de Janeiro, for supply of data from the insurers on the sale of salvage.

Support, co-sponsorship and participation in events of the diverse entities of the market, Fenaseg, Funenseg, CVG, as well as the important Forums, Congresses and Legal Encounters. It is worth emphasizing the participation in the 1st Luso-Brazilian Stage of Insurance Law.

Technical Actions

The Trade Association launched the 3rd edition of the pocket flier with statistics on insurance, capitalization and private pension industry operations, aimed at systematizing the knowledge of this information.

The Association organized a Media Training for the Board with the aim of optimizing the relationship with the press.

Purchase of books for the collection of the Presidents of the Associates: *Recall* of vehicles and Insurance Contract in the New Civil Code.

Relationships with the Industry

• Communication

Aiming at the dissemination of knowledge about the insurance market, the Trade Association holds frequent meetings and informal luncheons with representatives of the Government when they are presented with data about the insurance industry and the principal matters relating to the sector are discussed. We highlight the meetings with the representatives of police stations specialized in the fight against the theft of motor cars, the Secretary of Public Safety of the State of Rio de Janeiro, State Secretary of Transport, Civil Police and Detran - RJ.

Incrementing the relationship with the journalists we can highlight the presentation of the study on the behavior of the insurance consumer in the State of Rio de Janeiro and the launching of the 3rd edition of the Market Statistics.

The Trade Association has created its homepage on the Internet.

São Paulo Trade Association

President: Casimiro Blanco Gomez

Institutional Actions

Amongst the diverse actions of the Trade Association in the year 2003, the Board continued the implementation of measures to combat fraud and joint-actions in partnership with the Governor of the State of São Paulo. Highlights include:

Denouncement Hotline

Adoption of measures for the confection and use of a seal on frauds in the documents mailed by the Trade Association to other sectors connected to the insurance activities. The insurers, notably those participants of the Trade Association Board, would regularly contribute financially to the São Paulo Institute in their important fight against violence and organized crime.

Public Prosecutor Office

With the purpose of fighting organized crime, the Board received Dr. José Carlos Blat, Justice Attorney of the Public Prosecutor Office of the State of São Paulo, who, at the time, set out the program of action of that body as well as the inspection and control of dismantling shops in the capital city of São Paulo.

Auto Parts Deposit

A receiving and storage area was made available for the deposit of auto parts recovered by police actions. This measure contributed greatly to the regularization of the handling of auto parts thus avoiding misuse of these recovered items.

Storage Parking Lot and Tow Service

Consolidation of a proposal made to the Governor of the State of São Paulo and the Secretary of Public Safety to organize storage parking lots for recovered vehicles in strategic locations of the State. This proposal had excellent acceptance and the steps for its definitive implementation are in an advanced stage. In this way, all the vehicles recovered from robberies or theft will be collected by a special tow-truck service set up for this purpose. The recovered vehicles will be kept at these parking lots; this work no longer done by the local police who will be able to dedicate their time and efforts to more important duties.

Among the actions developed for the industry are highlighted:

Services Tax – ISS

With the publication of the legislation of the Prefecture of the Municipality of São Paulo, the Board coordinated various sessions with technicians of the sector aiming at the observance by the insurance and Capitalization companies under the jurisdiction of this Trade Association of the new norms published by the Municipal Executive.

In December of 2003, in accordance with its bylaw, the Trade Association of the São Paulo Insurers had its electoral process and the single ticket led by Paulo Marraccini was elected with expressive voting.

Educational Activities

There was special dedication of the technical commissions with the choice of themes that would contribute further on in the conducting of diverse matters that will foment the management of knowledge.

Technical Actions

The Technical Commissions deserve special attention of the Board taking into account the perfect functions of the technical organs that integrate the Trade Association, made up of approximately 150 representatives selected and indicated by associated companies, with

advising from the Executive Secretary to coordinate the activities of the sector. A Committee of Presidents of the Commissions was installed in July of 2003, with the objective of coordinating the activities of the commissions with greater synergy, increasing the contacts with the Board, preparation of common activities and of establishing a plan of goals.

At the end of 2003, information was collected by the Human Resources Commission in partnership with Sinerhgia – Remuneration and Development of Human Resources to consolidate the data of the 10th Salary Research and Management Practices of HR, with our associates. In March of this year, the results of the research were consolidated and distributed to the market during an event held in the head office of the Trade Association.

Relationships with the Market

Communication Strategy – Holding of an event for the presentation of the Communication Plan by the firm FSB, recently contracted to elaborate a work proposal with the objective of development of continued communication actions and the creation of a Communication Committee made up of members of the Board. With this process, the reformulation of the brand mark, the revitalizing of the site, the re-launching of the internal news journal and the creation of an institutional profile of Sindsegsp – Insurance, Pensions and Capitalization Trade Association of the State of São Paulo were all initiated.

Trade Association Mission – Holding of a meeting with the journalists and market representatives for presentation of the program, showing the innovations of the strategic plan including the new profile of the Insurance Trade Association of São Paulo. This event included the presentation of a video showing the current and future image.



Holding

Fenaseg

Graphic Project

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