

The logo for IRB Brasil RE, featuring the text "IRB Brasil RE" in white on a dark teal background with a yellow diagonal stripe on the right side.

IRB Brasil RE

Líder em resseguros no Brasil

Quarterly Information - ITR

Decorative graphic consisting of several parallel lines in teal and yellow that originate from the left side and extend horizontally towards the right, ending in small circular markers.

September 30, 2018



Report on the review of quarterly information

To the Managers and Shareholders
IRB-Brasil Resseguros S.A.

Introduction

We have reviewed the interim individual and consolidated accounting information of IRB-Brasil Resseguros S.A. (the "Company"), included in the Quarterly Information Form (ITR) for the quarter ended September 30, 2018, consisting of the balance sheet as at September 30, 2018 and the corresponding statements of income and comprehensive income for the three-month and nine-month periods ended on that date, and of changes in shareholders' equity and cash flows for the nine-month period then ended, as well as a summary of significant accounting policies and other explanatory notes.

Management is responsible for preparing the interim individual and consolidated financial information in accordance with Technical Pronouncement CPC 21(R1) – Interim Statements and with international standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of this information according to the standards issued by the Brazilian Securities Commission applicable to the preparation of Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information on the basis of our review.

Scope of the review

We have carried out our review in accordance with Brazilian and international standards for the review of interim information (NBC TR 2410 - "*Revisão de Informações Intermediárias Executada pelo Auditor da Entidade*" [Review of Interim Information Carried Out by the Auditor of the Entity] and ISRE 2410 – "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", respectively). A review of interim information consists of making questions, principally to the persons responsible for financial and accounting matters, and of applying analytical procedures and other review procedures. The scope of a review is significantly less than that of an audit carried out according to auditing standards and, consequently, we were not able to be sure that we were made aware of all the significant matters that might be identified in an audit. We have not, therefore, expressed an audit opinion.

Conclusion on the interim information

On the basis of our review, we have not become aware of any fact that might lead us to believe that the interim individual and consolidated accounting information included in the above-mentioned quarterly statements has not been prepared, in all material aspects, in accordance with CPC 21 and IAS 34, which are applicable to the preparation of Quarterly Information (ITR) and is not presented in compliance with the standards issued by the Brazilian Securities Commission.



Other matters

Statements of value added

We have also reviewed the individual and consolidated Statements of Value Added (DVA) for the nine-month period ended September 30, 2018, prepared under the responsibility of the Management of the Company, which are required to be presented in the interim information under the standards issued by the Brazilian Securities Commission and applicable to the preparation of Quarterly Information (ITR), and are considered to be supplementary information by the IFRS, which do not require DVAs to be presented. These statements have been submitted to the same review procedures as described previously and, on the basis of our review, we have no knowledge of any fact that might lead us to believe that they are not consistently presented, in all material respects, in relation to the interim individual and consolidated financial statements taken as a whole.

Rio de Janeiro, October 29, 2018.

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Patricio Marques Roche
Contador CRC 1RJ081115/O-4

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IRB-Brasil Resseguros S.A.

Balance sheets In thousands of Reais

Assets	Note	Parent Company		Consolidated	
		September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Current		10,502,755	8,229,674	10,570,099	8,334,796
Cash		16,430	16,222	28,870	25,771
Cash and cash equivalents	5	16,430	16,222	28,870	25,771
Investments	6	2,448,856	1,547,657	2,479,702	1,596,357
Credits from reinsurance and retrocession transactions	7.1	4,656,473	3,219,998	4,656,490	3,220,012
Transactions with insurers	7.2.1	3,387,962	2,263,360	3,387,962	2,263,360
Transactions with reinsurers	7.2.2	1,256,125	949,586	1,256,125	949,586
Other operating debits		66,774	65,161	66,791	65,175
(-) Provision for credits risks	7.3	(54,388)	(58,109)	(54,388)	(58,109)
Retrocession assets - technical provisions		3,198,375	3,246,054	3,198,381	3,274,937
Premiums - retrocession	8.2	824,122	810,820	824,122	810,820
Claims - retrocession	8.1	2,365,359	2,423,673	2,365,365	2,452,556
Other provisions	8.3	8,894	11,561	8,894	11,561
Bills and credits receivable		78,267	131,702	101,915	149,678
Bills and credits receivable	9	73,089	11,373	95,578	25,676
Tax and social security credits	10.1	5,178	120,329	6,337	124,002
Prepaid expenses		20,415	6,103	20,802	6,103
Deferred acquisition costs	11	83,939	61,938	83,939	61,938
Non current		5,263,910	6,063,863	5,232,436	6,008,414
Long-term receivables		4,536,113	5,303,129	4,560,555	5,399,596
Investments	6	3,208,140	4,111,301	3,247,782	4,219,705
Retrocession assets - technical provisions		45,741	49,473	45,741	49,473
Premiums - retrocession	8.2	45,741	49,473	45,741	49,473
Bills and credits receivable		1,282,232	1,142,355	1,267,032	1,130,418
Bills and credits receivable	9	172,285	107,333	180,523	108,544
Tax and social security credits	10.1	108,798	57,868	108,725	57,868
Deferred tax assets	10.1	355,665	348,918	332,300	335,770
Court and tax deposits	22	645,484	628,236	645,484	628,236
Investments		604,515	629,327	548,189	477,135
Equity Interest	1.3	595,818	623,352	-	-
Investment property	12	5,594	5,831	545,086	476,991
Other investments		3,103	144	3,103	144
Property, plant and equipment	13	74,669	77,310	74,753	77,385
Intangible assets	14	48,613	54,097	48,939	54,298
Total assets		15,766,665	14,293,537	15,802,535	14,343,210

The accompanying notes are an integral part of the financial statements

IRB-Brasil Resseguros S.A.

Balance sheets In thousands of Reais

Liabilities and Shareholder's equity	Note	Parent Company		Consolidated	
		September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Current		10,921,379	9,681,833	10,956,735	9,730,998
Accounts payable		303,335	218,825	337,724	238,462
Obligations payable	15.1	190,616	97,478	221,271	106,531
Taxes and social charges payable		25,234	23,898	25,333	23,898
Labor provisions	23	12,815	8,191	12,815	8,191
Provisions for post-employment benefits	15.2 e 26.4	41,390	38,655	41,390	38,655
Taxes and contributions payable	16	33,280	50,603	36,915	55,516
Provision for investment devaluation	1.3	-	-	-	5,671
Debits from reinsurance and retrocession transactions	17.1	1,371,189	1,251,895	1,371,516	1,252,165
Transactions with insurers	17.2.1	21,941	606	21,941	606
Transactions with reinsurers	17.2.1	1,208,032	1,137,443	1,208,032	1,137,443
Reinsurance and retrocession brokers	17.2.2	119,285	82,759	119,612	83,029
Other operating debits	17.2.2	21,931	31,087	21,931	31,087
Third-Party deposits	18	261,575	166,766	261,575	166,766
Technical provisions - reinsurance and retrocession		8,985,280	8,044,347	8,985,920	8,073,605
Property and casualty and group life insurance		8,985,280	8,044,347	8,985,920	8,073,605
Provision for unearned premiums	19.1	2,378,174	1,836,237	2,378,174	1,836,237
Risks in force issued		2,120,718	1,622,914	2,120,718	1,622,914
Risks in force but not issued		257,456	213,323	257,456	213,323
Unsettled claims	19.2	4,466,111	4,343,294	4,466,751	4,372,552
Provision for claims incurred but not reported	19.2	1,861,687	1,687,480	1,861,687	1,687,480
Other provisions	19.3	279,308	177,336	279,308	177,336
Non current		1,083,120	1,030,521	1,083,634	1,031,029
Long-term liabilities		1,083,120	1,030,521	1,083,634	1,031,029
Accounts payable		824,085	839,788	824,599	840,296
Tax liabilities	22	431,108	418,208	431,108	418,208
Provisions for post-employment benefits	15.2 e 26.4	384,367	419,189	384,367	419,189
Obligations payable	15.1	8,610	2,391	9,124	2,899
Debits from reinsurance and retrocession transactions		789	789	789	789
Other operating debits	17.2.2	789	789	789	789
Technical provisions - reinsurance and retrocession		205,239	130,670	205,239	130,670
Property and casualty and group life insurance		205,239	130,670	205,239	130,670
Provision for unearned premiums	19.1	205,239	130,670	205,239	130,670
Risks in force issued		190,594	115,739	190,594	115,739
Risks in force but not issued		14,645	14,931	14,645	14,931
Other debits	22	53,007	59,274	53,007	59,274
Civil and labor contingencies		53,007	59,274	53,007	59,274
Total liabilities		12,004,499	10,712,354	12,040,369	10,762,027
Shareholders' equity		3,762,166	3,581,183	3,762,166	3,581,183
Capital stock		1,953,080	1,953,080	1,953,080	1,953,080
Profit reserves		1,089,240	1,277,821	1,089,240	1,277,821
Equity valuation adjustments	24.4	(113,061)	(76,161)	(113,061)	(76,161)
Proposal on distribution of additional dividends		-	439,399	-	439,399
Treasury shares	24.2	(12,956)	(12,956)	(12,956)	(12,956)
Retained earnings		845,863	-	845,863	-
Total liabilities and shareholder's equity		15,766,665	14,293,537	15,802,535	14,343,210

The accompanying notes are an integral part of the financial statements

IRB-Brasil Resseguros S.A.

Statements of income Periods ended on September 30 In thousands of Reais, except where otherwise indicated

	Note	Quarter				Half-year			
		Parent Company		Consolidated		Parent Company		Consolidated	
		July 1 to September 30, 2018	July 1 to September 30, 2017	July 1 to September 30, 2018	July 1 to September 30, 2017	January 1 to September 30, 2018	January 1 to September 30, 2017	January 1 to September 30, 2018	January 1 to September 30, 2017
Net premiums written		1,654,582	1,434,485	1,654,582	1,434,485	4,582,474	3,981,046	4,582,474	3,981,046
Change in technical provisions		(150,952)	(100,900)	(150,952)	(100,900)	(497,449)	(452,455)	(497,449)	(452,455)
Premiums earned	25.1	1,503,630	1,333,585	1,503,630	1,333,585	4,085,025	3,528,591	4,085,025	3,528,591
Claims incurred	25.2	(880,672)	(821,183)	(880,672)	(821,183)	(1,936,931)	(1,932,975)	(1,936,931)	(1,932,975)
Direct claims		(753,367)	(626,842)	(753,367)	(626,842)	(2,131,912)	(1,995,246)	(2,131,912)	(1,995,246)
Salvages and reimbursements		21,400	15,577	21,400	15,577	217,592	67,932	217,592	67,932
Change in provision for claims incurred but not reported		(148,705)	(209,918)	(148,705)	(209,918)	(22,611)	(5,661)	(22,611)	(5,661)
Acquisition costs	25.3	(40,600)	(26,706)	(40,600)	(26,706)	(106,796)	(93,265)	(106,796)	(93,265)
Commissions		(40,600)	(26,706)	(40,600)	(26,706)	(106,796)	(93,265)	(106,796)	(93,265)
Other operating revenues and expenses	25.5	(13,284)	(592)	(13,284)	(197)	(28,518)	(32,253)	(28,518)	(30,954)
Income from retrocession	25.4	(297,248)	(287,615)	(297,248)	(287,615)	(1,078,169)	(837,850)	(1,078,169)	(837,850)
Revenue from retrocession	25.4.1	162,142	78,539	162,142	78,539	193,447	235,821	193,447	235,821
Expenses from retrocession	25.4.2	(461,602)	(361,577)	(461,602)	(361,577)	(1,266,114)	(1,037,781)	(1,266,114)	(1,037,781)
Salvages and reimbursements to retrocessionarie		(7,390)	(7,757)	(7,390)	(7,757)	(18,882)	(43,881)	(18,882)	(43,881)
Other operating revenues and expenses		9,602	3,180	9,602	3,180	13,380	7,991	13,380	7,991
Administrative expenses	25.6	(50,552)	(59,575)	(58,066)	(63,227)	(168,146)	(195,097)	(184,514)	(205,355)
Tax expenses	25.7	(28,754)	(35,916)	(29,492)	(34,402)	(98,609)	(57,060)	(101,017)	(57,060)
Net financial income	25.8	146,883	144,305	156,228	150,287	264,153	495,085	359,377	521,536
Financial revenues		399,550	539,539	408,858	529,900	1,261,690	1,893,197	1,356,094	1,915,154
Financial revenues from investment portfolio		322,700	476,932	332,658	488,633	1,138,164	1,767,826	1,225,631	1,789,783
Other financial revenues		76,850	62,607	76,200	41,267	123,526	125,371	130,463	125,371
Financial expenses		(252,667)	(395,234)	(252,630)	(379,613)	(997,537)	(1,398,112)	(996,717)	(1,393,618)
Financial expenses from investment portfolio		(158,687)	(285,912)	(159,808)	(304,194)	(738,165)	(1,189,245)	(738,165)	(1,189,245)
Other financial expenses		(93,980)	(109,322)	(92,822)	(75,419)	(259,372)	(208,867)	(258,552)	(204,373)
Equity income	25.9	24,001	10,819	27,642	10,243	113,935	36,691	73,570	32,447
Revenues (expenses) from investment property, net		9,902	158	22,270	10,479	29,702	-	67,100	32,824
Adjustment of investments in subsidiaries		8,727	10,903	-	-	77,763	37,068	-	-
Other equity revenues (expenses) net		5,372	(242)	5,372	(236)	6,470	(377)	6,470	(377)
Operating income		363,404	257,122	368,138	260,785	1,045,944	911,867	1,082,027	925,115
Gains or losses on non-current assets		-	19	-	19	-	24	-	24
Income before taxes and profit sharing		363,404	257,141	368,138	260,804	1,045,944	911,891	1,082,027	925,139
Income tax	25.10	(3,767)	2,462	(7,312)	(226)	(49,202)	(96,133)	(75,787)	(105,860)
Social contribution tax	25.10	(55,112)	(38,070)	(56,301)	(39,045)	(150,879)	(139,845)	(160,377)	(143,366)
Net income for the period		304,525	221,533	304,525	221,533	845,863	675,913	845,863	675,913
Number of shares		310,415,400	310,415,400	310,415,400	310,415,400	310,415,400	310,415,400	310,415,400	310,415,400
Basic and diluted earnings per share	24.5	0.98	0.71	0.98	0.71	2.72	2.18	2.72	2.18

The accompanying notes are an integral part of the financial statements

IRB-Brasil Resseguros S.A.

Statements of comprehensive income Periods ended on September 30 In thousands of Reais

	Note	Quarter		Half-year	
		Parent Company and Consolidated		Parent Company and Consolidated	
		July 1 to September 30, 2018	July 1 to September 30, 2017	January 1 to September 30, 2018	January 1 to September 30, 2017
Net income for the period		304,525	221,533	845,863	675,913
Other comprehensive income					
Items to be recorded to income					
Foreign exchange differences on translation or transactions abroad	24.4	760	(779)	3,872	(504)
Financial assets available for sale	24.4				
Gains (losses) from the fair value valuation of financial assets available for sale in the half-year		(4,974)	14,584	(64,222)	52,836
Non-realized gains (losses) from securities - subsidiaries	24.4	(11,387)	6,113	(23,483)	7,638
Income and social contribution taxes	24.4	2,238	(6,563)	28,900	(23,776)
		(13,363)	13,355	(54,933)	36,194
Items not to be reclassified to income					
Post-employment benefits	24.4				
Re-measurement of post-employment benefits obligations		17,017	(13,384)	30,394	(22,357)
Re-measurement of post-employment benefits obligations - subsidiaries		(38)	75	(143)	12
Income and social contribution taxes	24.4	(6,840)	6,023	(12,218)	19,558
		10,139	(7,286)	18,033	(2,787)
Total other comprehensive income		(3,224)	6,069	(36,900)	33,407
Total comprehensive income for the period		301,301	227,602	808,963	709,320

The accompanying notes are an integral part of the financial statements

IRB-Brasil Resseguros S.A.

Statements of changes in shareholder' equity In thousands of Reais

	Note	Profit reserves					Retained earnings	Proposal on distribution of additional dividends	Shareholders' equity of parent company shareholders
		Capital stock	Legal	Retained earnings	Treasury shares	Equity valuation adjustments			
Balance as of January 1, 2017		1,453,080	290,617	1,245,204	(12,956)	(65,289)	-	417,561	3,328,217
Adjustment to market value of securities	24.4	-	-	-	-	36,698	-	-	36,698
Cumulative conversion adjustments	24.4	-	-	-	-	(504)	-	-	(504)
Actuarial gains from post-employment benefits	24.4	-	-	-	-	(2,787)	-	-	(2,787)
Net income for the half-year		-	-	-	-	-	675,913	-	675,913
Total comprehensive income for the half-year		-	-	-	-	33,407	675,913	-	709,320
Total contributions from shareholders and distributions to shareholders									
Capital increase approved by Annual/Extraordinary Shareholders' Meeting held on March de 24, 2017		500,000	(290,617)	(209,383)	-	-	-	-	-
Additional dividends paid for year 2016		-	-	-	-	-	-	(417,561)	(417,561)
Distribution of interest on shareholders' equity	24.3	-	-	(180,808)	-	-	-	-	(180,808)
Total contributions from shareholders and distributions to shareholders		500,000	(290,617)	(390,191)	-	-	-	(417,561)	(598,369)
Balances on September 30, 2017		1,953,080	-	855,013	(12,956)	(31,882)	675,913	-	3,439,168
Balance as of January 1, 2018		1,953,080	46,252	1,231,569	(12,956)	(76,161)	-	439,399	3,581,183
Adjustment to market value of securities	24.4	-	-	-	-	(58,805)	-	-	(58,805)
Cumulative conversion adjustments	24.4	-	-	-	-	3,872	-	-	3,872
Actuarial gains from post-employment benefits	24.4	-	-	-	-	18,033	-	-	18,033
Net income for the half-year		-	-	-	-	-	845,863	-	845,863
Total comprehensive income for the half-year		-	-	-	-	(36,900)	845,863	-	808,963
Total contributions from shareholders and distributions to shareholders									
Additional dividends paid for year 2017		-	-	(8,098)	-	-	-	(439,399)	(447,497)
Distribution of interest on shareholders' equity	24.3	-	-	(180,483)	-	-	-	-	(180,483)
Total contributions from shareholders and distributions to shareholders		-	-	(188,581)	-	-	-	(439,399)	(627,980)
Balance on September 30, 2018		1,953,080	46,252	1,042,988	(12,956)	(113,061)	845,863	-	3,762,166

The accompanying notes are an integral part of the financial statements

IRB-Brasil Resseguros S.A.

Cash flow statements – (Direct method)

Periods ended on September 30

In thousands of Reais

	Parent Company		Consolidated	
	2018	2017	2018	2017
Operations				
Receipt of insurance premiums, social security contributions, management fees and others	4,157,460	3,606,793	4,157,460	3,606,793
Claims recoveries and commissions	585,308	283,700	588,455	286,555
Other operating receipts (salvages, reimbursements and others)	145,203	113,608	146,844	114,907
Payment of claims, benefits, redemptions and commissions	(2,874,843)	(2,234,453)	(2,876,543)	(2,235,718)
Transfer of premiums on cession or risks	(1,233,988)	(1,038,713)	(1,233,988)	(1,038,713)
Payment of expenses and obligations	(213,632)	(259,869)	(222,400)	(331,827)
Other operating payments	(147,727)	(291,878)	(147,727)	(291,878)
Receipts of rents and sale of properties	-	4,928	32,139	35,018
Receipt of interest and dividends	2,955	16,488	3,330	16,782
Recording of court deposits	15,609	(22,188)	15,609	(22,188)
Cash from operations	436,345	178,416	463,179	139,731
Taxes and contributions paid	(299,485)	(247,462)	(308,854)	(258,109)
Financial investments				
Investments at fair value through profit or loss	(8,010,642)	(2,458,602)	(8,262,567)	(2,696,294)
Sales and redemption of investments at fair value through profit or loss	6,883,012	2,241,541	7,205,419	2,437,624
Net financial investments	(1,127,630)	(217,061)	(1,057,148)	(258,670)
Net cash used in operating activities	(990,770)	(286,107)	(902,823)	(377,048)
Financing activities				
Available for sale investments	(2,205,670)	(1,129,734)	(2,210,273)	(1,113,657)
Sales and redemption of investments available for sale	3,295,848	2,062,206	3,300,770	1,802,717
Redemption of investments held to maturity	288,440	5,119	288,440	5,119
Dividends - Equity interest	71,936	46,469	-	-
Payment on the purchase of:				
Investments	-	(381,441)	(14,200)	-
Property, plant and equipment	(4,041)	(30,748)	(4,041)	(30,748)
Intangible assets	(14,259)	(13,876)	(14,259)	(13,876)
Receipts from the sale of:				
Property, plant and equipment	-	24	-	24
Net cash from investment activities	1,432,254	558,019	1,346,437	649,579
Financing activities				
Distribution of dividends and interest on shareholders' equity	(503,531)	(463,506)	(503,531)	(463,506)
Acquisition of own shares				
Net cash used in financing activities	(503,531)	(463,506)	(503,531)	(463,506)
Decrease in cash and cash equivalents	(62,047)	(191,594)	(59,917)	(190,975)
Exchange variation on cash and cash equivalents	62,255	(10,232)	63,016	(10,315)
Increase (decrease) in cash and cash equivalents after exchange variation	208	(201,826)	3,099	(201,290)
Cash and cash equivalents at the beginning of the half-year	16,222	213,543	25,771	217,575
Cash and cash equivalents at the end of the half-year	16,430	11,717	28,870	16,285

The accompanying notes are an integral part of the financial statements

IRB-Brasil Resseguros S.A.

Cash flow statements – (Direct method)

Periods ended on September 30

In thousands of Reais

(continuation)

	Parent Company		Consolidated	
	2018	2017	2018	2017
Reconciliation between net income for the half-year and net cash used in operating activities				
Net income for the half-year	845,863	675,913	845,863	675,913
Adjustments to net income				
Depreciations and amortizations	35,917	23,831	38,157	29,348
Provision (reversal of provision) for doubtful debts	(3,979)	102	(3,979)	102
Reversal of loss on impairment of assets	(6,470)	(2,716)	(6,470)	(2,716)
Loss from disposal of property, plant and equipment and intangible assets	-	24	-	24
Equity accounting income	(77,763)	(37,068)	-	-
Exchange variation on cash and cash equivalents	(62,255)	(10,232)	(62,255)	(10,232)
Other adjustments	182	36	(45)	73
Variation in equity accounts				
Financial investments	(1,440,878)	(701,483)	(1,351,096)	(904,121)
Credit from insurance and reinsurance transactions	(1,416,272)	(956,334)	(1,416,272)	(953,566)
Retrocession assets	51,409	459,147	54,689	459,147
Investment property	-	-	(68,331)	-
Tax and social security credits	57,473	14,787	58,447	13,715
Prepaid expenses	(14,311)	(1,906)	(14,311)	(2,201)
Deferred acquisition costs	(22,001)	(3,423)	(22,001)	(3,423)
Other assets	(198,583)	(96,652)	(212,662)	(46,107)
Court and tax deposits	(17,248)	(53,757)	(17,248)	(53,757)
Suppliers	109,108	87,077	127,042	100,189
Tax and contributions	(5,867)	35,321	3,183	37,973
Debits from insurance and reinsurance transactions	95,171	75,405	91,891	75,405
Third-Party deposits	94,809	3,258	94,809	3,258
Technical provisions - insurance and reinsurance	1,015,502	156,718	1,017,570	154,148
Other liabilities	(37,211)	22,364	(66,438)	26,299
Court provisions	6,634	23,481	6,634	23,481
Net cash used in operations	(990,770)	(286,107)	(902,823)	(377,048)

The accompanying notes are an integral part of the financial statements

IRB-Brasil Resseguros S.A.

Statements of value added Periods ended on September 30 In thousands of Reais

	Parent Company		Consolidated	
	2018	2017	2018	2017
Revenues				
Revenues from insurance transactions	4,582,474	3,981,046	4,582,474	3,981,046
Others	(101,675)	(126,232)	(60,358)	(92,109)
Provision/(reversal of provision) for doubtful debts	3,979	2,716	3,979	2,716
Change in technical provision	(497,449)	(452,455)	(497,449)	(452,455)
Net operating revenues	3,987,329	3,405,075	4,028,646	3,439,198
Expenses				
Claims	(2,131,912)	(1,995,246)	(2,131,912)	(1,995,246)
Change in provision claims incurred but not reported	(22,611)	(5,661)	(22,611)	(5,661)
Others	217,592	67,932	217,592	67,932
	(1,936,931)	(1,932,975)	(1,936,931)	(1,932,975)
Inputs purchased from third parties				
Materials, energy and others	(27,980)	(37,216)	(29,615)	(41,458)
Thirty-party services, net commissions	(16,219)	(26,226)	(32,846)	(26,725)
	(44,199)	(63,442)	(62,461)	(68,183)
Gross value added	2,006,199	1,408,658	2,029,254	1,438,040
Depreciation, amortization and depletion	(35,917)	(23,831)	(38,157)	(29,348)
Net value added produced by the Company	1,970,282	1,384,827	1,991,097	1,408,692
Value added received in transfer				
Financial result	264,153	495,085	359,377	521,536
Income from retrocession	(1,078,169)	(837,850)	(1,078,169)	(837,850)
Equity account income	77,763	37,068	-	-
Others	(1,210)	(2,118)	(1,210)	(2,118)
	(737,463)	(307,815)	(720,002)	(318,432)
Total value added to be distributed	1,232,819	1,077,012	1,271,095	1,090,260
Distribution of value added				
Personnel	88,265	108,058	88,931	108,058
Taxes, fees and contributions	298,691	293,041	336,301	306,289
Interest on shareholders' equity	180,483	180,808	180,483	180,808
Retained earnings for the half-year	665,380	495,105	665,380	495,105
Value added distributed	1,232,819	1,077,012	1,271,095	1,090,260

The accompanying notes are an integral part of the financial statements

IRB-Brasil Resseguros S.A.

Notes to the Quarterly Information - ITR as at September 30, 2018

In thousand of Reais, except where otherwise indicated

Section A – General information

1.1 Operations

IRB-Brasil Resseguros S.A. ("IRB Brasil RE", "Reinsurer" or "Company") is a publicly-held company of private law organized in 1939 by the then President Getúlio Vargas, headquartered at Avenida Marechal Câmara, 171, in the city of Rio de Janeiro, with offices in São Paulo, Buenos Aires, London and New York. Its business is reinsurance in Brazil and abroad. The Company shares are traded on B3 S.A - Brasil, Bolsa, Balcão (B3).

The individual and consolidated financial statements as at September 30, 2018 were approved by the Board of Directors on October 29, 2018.

1.2 Basis of preparation

The individual and consolidated financial statements have been prepared and are presented in accordance with Technical Pronouncement CPC 21 (R1) – Interim Statements and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB). These statements are also presented in accordance with the standards for the preparation of financial statements issued by the Brazilian Securities Commission, and they contain all the material information required for financial statements, and only this information, which is consistent with that used by Management in operating the company.

The significant accounting policies applied in preparing these financial statements are shown in Note 27.

The financial statements have been prepared using historic cost as a value base, adjusted, in the case of financial assets available for sale and other financial assets and liabilities, to reflect measurement at fair value.

The preparation of individual and consolidated financial statements requires the use of certain critical accounting estimates and the exercise of judgment on the part of Management in the process of applying the Company's accounting policies. Those areas requiring a greater degree of judgment and that are more complex, and those where assumptions and estimates are significant for the financial statements, are shown in Note 28.

IRB Brasil RE. has a branch in London which is in run-off. On December 11, 2014, at its 209th Ordinary Meeting, the Board of Directors approved the valuation of the operations of this branch at market value for the subsequent consideration of possible purchase offers. This valuation did not create a book loss for IRB Brasil RE. Since the London operation does not represent a significant separate business line or geographic area of operations for the Company, the branch balances, in accordance with CPC 31, have not been shown as a discontinued line of business.

The Company also has a branch in Argentina which started operating on September 1, 2011. The book balances of this branch are registered and shown in the individual and consolidated financial statements of the Company.

1.3 Consolidation

The Company consolidates all the entities which it controls, i.e. where it is exposed or has rights to variable returns from its involvement with the subsidiary and can control its main activities.

The subsidiaries included in the consolidation are listed in Note 4.2 and the accounting policies applied in preparing the consolidated financial statements are described below:

Companies under control are all those entities for which the Company has the power to determine their financial and operating policies, generally accompanied by a share of more than half the voting rights (voting capital). The existence and the effect of any voting rights which can currently be exercised or converted are taken into account when assessing whether the Company controls another entity. Companies under control are fully consolidated as from the date when control is transferred to the Company. Consolidation is suspended as from the date when the Company ceases to have control.

As at September 30, 2018, the Company had a subsidiary in the United States of America which is in run-off (IRB International). This subsidiary holds the real estate assets of the Reinsurer, and is an asset management company. As at December 31, 2017, it had exactly the same participation.

The Company contributed capital to IRB Asset Management (company's wholly-owned subsidiary) in 2017. On July 16, 2018, the CVM authorized the Company to provide Securities Portfolio Administration services by that subsidiary.

IRB-Brasil Resseguros S.A.

Notes to the Quarterly Information - ITR as at September 30, 2018

In thousand of Reais, except where otherwise indicated

Information on the subsidiaries is shown below:

	September 30, 2018			
	IRB International Corporation & Subsidiaries	IRB Investimentos e Participações Imobiliárias S.A.	IRB Asset Management	Total
Share in capital stock	100.0%	100.0%		
Number of shares held	5,000,000	168,465,949		
Assets	64,536	593,523	5,066	
Current and non-current liabilities	43,662	23,467	178	
Shareholders' equity at the end of the half-year	20,874	570,056	4,888	595,818
Net income (loss) for the half-year	(5,778)	83,753	(212)	77,763

	December 31, 2017				
	IRB International Corporation & Subsidiaries	IRB Investimentos e Participações Imobiliárias S.A.	IRB Asset Management	Impairment	Total
Share in capital stock	100.0%	100.0%			
Number of shares held	5,000,000	168,465,949			
Assets	52,007	627,588			
Current and non-current liabilities	29,797	25,875			
Shareholders' equity at the end of the period	22,210	601,713	5,100	(5,671)	623,352
Net income for the period	177	66,585			66,762

The Company also holds all the shares in the following investment funds:

- BB Ações 22 Fundo de Investimento
- BB Peabiru Fundo de Investimento Renda Fixa
- Bradesco Fundo de Investimento em Ações Safe IBRX-50
- Itaú FI IRB Brasil RE Renda Fixa
- Fundo de Investimento Caixa IRB Brasil RE Renda Fixa
- Bradesco FI RF IRB Caixa
- BB IRB Brasil RE FI RF LP Crédito Privado
- FI Itaú Renda Fixa IRB Brasil RE Crédito Privado
- FI Caixa IRB Brasil RE RF Crédito Privado LP
- Bradesco FI IRB Brasil RE Crédito Privado LP
- Fundo de Investimento RF IRB Brasil RE Absoluto
- Bradesco FI Multimercado IRB Brasil RE Supreme
- IRB FI Multimercado

The consolidated financial statements of the Company include IRB International Corporation & Subsidiaries, the exclusive investment funds shown above, the subsidiary IRB Investimentos e Participações Imobiliárias S.A and IRB Asset Management.

Section B – Risks

2 Risk management

Risk management is considered by IRB Brasil RE to be an essential instrument for the implementation of a strategy for optimizing the use of capital and for selecting the best business opportunities, with a view to obtaining the best risk/return ratio for its shareholders. The aim of risk management is to protect the Company's solvency and long-term results by identifying, measuring and handling the risks to which it is exposed in the course of its business. It is also intended to meet the requirements of the regulator and to ensure that the internal control system is adequate, effective and functioning efficiently.

Considering the importance given to this matter, the Company appointed a Vice-President for Risks and Compliance (heading the Corporate Risk and Compliance divisions), to be primarily responsible for supervising risk management in IRB Brasil RE. Nevertheless, the Estatutory Board, the Board of Directors, the Risk Management Committee and other consultative and deliberative bodies continue to be committed to supporting and fostering risk management within the Company.

In April 2018 was confirmed by the US-based rating agency A.M. Best, the Company's A- (excellent) classification with a positive outlook, reflecting the agency's opinion that the Company's capitalization is entirely adequate in relation to its risks.

2.1 Lines of defense

IRB Brasil RE considers that risk management is the responsibility of all employees and collaborators. Therefore, the Company's Risk Management structure the model of three lines of defense, defining roles and responsibilities for risk management for each of these lines.

The first line of defense is represented by the operational areas, comprises managers and staff directly responsible for the Company's procedures. Corporate Risk Management and Compliance represent the second line of defense, and the third line is represented by Internal Audit.

In addition, the Company adopts the Corporate Governance system, which establishes structure and transparency in the decision-making process.

2.2 Principal types of risk

The management of corporate risks covers the following categories of risk: Operating, Underwriting, Market, Credit and Liquidity, each of these being composed by a number of subcategories.

The Company considers that these categories represent its principal types of exposure, but that the list is not exhaustive, considering that various risks can affect it.

2.3 Operating risks

Operating risk in IRB Brasil RE is the possibility that losses may be caused by failings, defects or inadequacies of internal processes, people or systems, or by external events.

Operating risks are managed in five stages: identification, analysis and measurement, handling, monitoring and reporting. In this process, the Corporate Risks Division works jointly with the owner of the risk, providing support and monitoring the management of operating risks by the business units of the Company.

IRB Brasil RE has a Business Continuity Management program which defines procedures in the event of a contingency. The program consists of four specific contingency plans: Disaster Recovery Plan, Operations Continuity Plan, Incident Management Plan and Business Recovery Plan.

As required by SUSEP Circulars 517/2015 and subsequent changes, the Company has an Operating Losses Database in which losses arising from this category of risk are recorded and managed.

Notes to the Quarterly Information - ITR as at September 30, 2018

In thousand of Reais, except where otherwise indicated

2.4 Underwriting risks

Underwriting risk is the result of oscillations which can be caused by both internal and external factors contrary to the expectations in relation to the actuarial and financial assumptions used to price reinsurance contracts and to set up technical provisions.

The transfer of risk by means of retrocession is one of the techniques used for minimizing and controlling Underwriting risks. Like reinsurance, retrocession can cover a group of contracts or single risks (also referred to as optional risks). IRB Brasil RE currently has retrocession (or portfolio protection) programs covering lines where there is the highest exposure, with a view to stabilizing results and limiting losses, and expanding its capacity to accept strategic business.

Optional retrocession can be used for specific cases, subject to case-by-case analysis. Due to the nature of risk transfer, retrocession operations imply an underlying credit risk, which is handled as described in Note 2.6.

IRB-Brasil Resseguros S.A.

Notes to the Quarterly Information - ITR as at September 30, 2018

In thousand of Reais, except where otherwise indicated

2.4.1 Monitoring of reinsurance liabilities by business line

The Company calculates its technical provisions as required by the regulator. The following table shows gross assets and liabilities (PSL, IBNR, IBNER, PET, PPNG, PDR) by business line:

	Parent Company			
	Reinsurance		Retrocession	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Aerospace	596,102	674,202	(493,316)	(559,445)
Motor	184,918	208,309	(7,823)	(6,609)
Housing	45,513	40,214	(57)	(193)
Maritime	217,111	175,449	(63,647)	(52,362)
Nuclear	3,119	13,288	(2,409)	(11,790)
Property	2,371,572	2,572,302	(1,409,880)	(1,496,003)
People	268,307	307,193	(43,994)	(53,145)
Oil	420,317	268,534	(342,772)	(223,238)
Liabilities	657,069	644,141	(323,311)	(315,362)
Financial risks	511,940	511,503	(129,502)	(152,746)
Rural	820,075	521,149	(41,551)	(80,799)
Transport	526,119	410,808	(266,527)	(210,240)
Acceptances from abroad	2,271,450	1,563,482	(96,376)	(120,034)
Off-shore branches	104,575	97,528	(22,951)	(13,561)
Run-off	192,332	166,915	-	-
Total	9,190,519	8,175,017	(3,244,116)	(3,295,527)

	Consolidated			
	Reinsurance		Retrocession	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Aerospace	596,102	674,202	(493,316)	(559,445)
Motor	184,918	208,309	(7,823)	(6,609)
Housing	45,513	40,214	(57)	(193)
Maritime	217,111	175,449	(63,647)	(52,362)
Nuclear	3,119	13,288	(2,409)	(11,790)
Property	2,371,572	2,572,302	(1,409,880)	(1,496,003)
People	268,307	307,193	(43,994)	(53,145)
Oil	420,317	268,534	(342,772)	(223,238)
Liabilities	657,069	644,141	(323,311)	(315,362)
Financial risks	511,940	511,503	(129,502)	(152,746)
Rural	820,075	521,149	(41,551)	(80,799)
Transport	526,119	410,808	(266,527)	(210,240)
Acceptances from abroad	2,272,090	1,592,740	(96,382)	(148,917)
Off-shore branches	104,575	97,528	(22,951)	(13,561)
Run-off	192,332	166,915	-	-
Total	9,191,159	8,204,275	(3,244,122)	(3,324,410)

IRB-Brasil Resseguros S.A.

Notes to the Quarterly Information - ITR as at September 30, 2018

In thousand of Reais, except where otherwise indicated

2.4.2 Evolution of claims

The following tables show the evolution of the Company's claims, by year of Underwriting.

Claims ignoring retrocession

- Ignoring retrocession

Underwriting year	September 30, 2018							Total
	Parent Company							
	2012	2013	2014	2015	2016	2017	2018	
Claims incurred in the year	342,520	1,107,829	293,187	656,095	330,900	346,916	69,266	
After 1 year	975,304	1,362,435	1,331,605	2,184,610	1,970,743	1,424,204		
After 2 year	1,813,805	2,039,277	1,709,391	2,588,521	2,932,648			
After 3 year	2,005,247	2,074,119	1,775,186	2,871,698				
After 4 year	1,994,059	2,049,767	1,833,678					
After 5 year	2,000,772	2,044,981						
After 6 year	2,014,117							
Current estimate of accrued claims	2,014,117	2,044,981	1,833,678	2,871,698	2,932,648	1,424,204	69,266	13,190,592
Payments accrued until base date	(1,827,164)	(1,891,000)	(1,601,188)	(2,377,362)	(2,176,474)	(755,146)	(15,368)	(10,643,703)
Liabilities recognized in the balance sheet	186,953	153,981	232,490	494,336	756,174	669,058	53,898	2,546,889
Liabilities regarding years before 2012								1,723,213
IBNER								196,009
Total liabilities included in the balance sheet								4,466,111

Underwriting year	December 31, 2017							Total
	Parent Company							
	2011	2012	2013	2014	2015	2016	2017	
Claims incurred in the year	200,595	342,520	1,107,829	293,187	656,095	330,900	346,916	
After 1 year	516,906	975,304	1,362,435	1,331,605	2,184,610	1,970,743		
After 2 year	765,358	1,813,805	2,039,277	1,709,391	2,588,521			
After 3 year	1,028,917	2,005,247	2,074,119	1,775,186				
After 4 year	972,769	1,994,059	2,049,767					
After 5 year	1,019,971	2,000,772						
After 6 year	1,022,918							
Current estimate of accrued claims	1,022,918	2,000,772	2,049,767	1,775,186	2,588,521	1,970,743	346,916	11,754,823
Payments accrued until base date	(837,927)	(1,788,930)	(1,831,233)	(1,507,602)	(1,911,484)	(1,217,386)	(100,011)	(9,194,573)
Liabilities recognized in the balance sheet	184,991	211,842	218,534	267,584	677,037	753,357	246,905	2,560,250
Liabilities regarding years before 2011								1,578,650
IBNER								204,394
Total liabilities included in the balance sheet								4,343,294

IRB-Brasil Resseguros S.A.

Notes to the Quarterly Information - ITR as at September 30, 2018 In thousand of Reais, except where otherwise indicated

Claims ignoring retrocession

- Ignoring retrocession

Underwriting year	September 30, 2018							Total
	Consolidated							
	2012	2013	2014	2015	2016	2017	2018	
Claims incurred in the year	342,520	1,107,829	293,187	656,095	330,900	346,916	69,266	
After 1 year	975,304	1,362,435	1,331,605	2,184,610	1,970,743	1,424,204		
After 2 year	1,813,805	2,039,277	1,709,391	2,588,521	2,932,648			
After 3 year	2,005,247	2,074,119	1,775,186	2,871,698				
After 4 year	1,994,059	2,049,767	1,833,678					
After 5 year	2,000,772	2,044,981						
After 6 year	2,014,757							
Current estimate of accrued claims	2,014,757	2,044,981	1,833,678	2,871,698	2,932,648	1,424,204	69,266	13,191,232
Payments accrued until base date	(1,827,164)	(1,891,000)	(1,601,188)	(2,377,362)	(2,176,474)	(755,146)	(15,368)	(10,643,703)
Liabilities recognized in the balance sheet	187,593	153,981	232,490	494,336	756,174	669,058	53,898	2,547,529
Liabilities regarding years before 2012								1,723,213
IBNER								196,009
Total liabilities included in the balance sheet								4,466,751

Underwriting year	December 31, 2017							Total
	Consolidated							
	2011	2012	2013	2014	2015	2016	2017	
Claims incurred in the year	200,595	342,520	1,107,829	293,187	656,095	330,900	346,916	
After 1 year	516,906	975,304	1,362,435	1,331,605	2,184,610	1,970,743		
After 2 year	765,358	1,813,805	2,039,277	1,709,391	2,588,521			
After 3 year	1,028,917	2,005,247	2,074,119	1,775,186				
After 4 year	972,769	1,994,059	2,049,767					
After 5 year	1,019,971	2,000,772						
After 6 year	1,052,176							
Current estimate of accrued claims	1,052,176	2,000,772	2,049,767	1,775,186	2,588,521	1,970,743	346,916	11,784,081
Payments accrued until base date	(837,927)	(1,788,930)	(1,831,233)	(1,507,602)	(1,911,484)	(1,217,386)	(100,011)	(9,194,573)
Liabilities recognized in the balance sheet	214,249	211,842	218,534	267,584	677,037	753,357	246,905	2,589,508
Liabilities regarding years before 2011								1,578,650
IBNER								204,394
Total liabilities included in the balance sheet								4,372,552

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- **Net of retrocession**

September 30, 2018								
Parent Company and Consolidated								
Underwriting year	2012	2013	2014	2015	2016	2017	2018	Total
Claims incurred in the year	212,493	713,804	194,043	325,364	202,896	305,449	47,475	
After 1 year	588,287	802,663	981,979	1,506,852	1,508,804	1,149,543		
After 2 year	916,994	1,133,787	1,252,197	1,833,732	2,336,834			
After 3 year	1,016,375	1,233,167	1,234,278	1,951,811				
After 4 year	1,011,914	1,235,267	1,268,044					
After 5 year	1,027,774	1,227,235						
After 6 year	1,028,591							
Current estimate of accrued claims	1,028,591	1,227,235	1,268,044	1,951,811	2,336,834	1,149,543	47,475	9,009,533
Payments accrued until base date	(919,034)	(1,168,574)	(1,104,740)	(1,735,884)	(1,807,557)	(630,985)	(14,296)	(7,381,070)
Liabilities recognized in the balance sheet	109,557	58,661	163,304	215,927	529,277	518,558	33,179	1,628,463
Liabilities regarding years before 2012								779,522
IBNER								112,353
Total liabilities included in the balance sheet								2,520,338

December 31, 2017								
Parent Company and Consolidated								
Underwriting year	2011	2012	2013	2014	2015	2016	2017	Total
Claims incurred in the year	146,828	212,493	713,804	194,043	325,364	202,896	305,449	
After 1 year	283,846	588,287	802,663	981,979	1,506,852	1,508,804		
After 2 year	346,747	916,994	1,133,787	1,252,197	1,833,732			
After 3 year	589,538	1,016,375	1,233,167	1,234,278				
After 4 year	574,959	1,011,914	1,235,267					
After 5 year	587,398	1,027,774						
After 6 year	590,354							
Current estimate of accrued claims	590,354	1,027,774	1,235,267	1,234,278	1,833,732	1,508,804	305,449	7,735,658
Payments accrued until base date	(505,523)	(887,162)	(1,139,720)	(1,018,493)	(1,480,877)	(960,469)	(76,219)	(6,068,463)
Liabilities recognized in the balance sheet	84,831	140,612	95,547	215,785	352,855	548,335	229,230	1,667,195
Liabilities regarding years before 2011								683,832
IBNER								108,125
Total liabilities included in the balance sheet								2,459,152

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2.4.3 Sensitivity analysis

The following table shows the possible effects of this sensitive on income and shareholders' equity as at September 30, 2018, assuming an increase of 10% in loss ratio.

Gross effects	Base	Scenario 10.0%	Impact
Shareholders' equity	3,762,166	3,605,525	(156,641)
Income	845,863	689,222	(156,641)
Impact (%) on income			(18.5)
Impact (%) on shareholders' equity			(4.2)

Effects net of retrocession	Base	Scenario 10.0%	Impact
Shareholders' equity	3,762,166	3,621,169	(140,997)
Income	845,863	704,866	(140,997)
Impact (%) on income			(16.7)
Impact (%) on shareholders' equity			(3.7)

Due to the nature of the operations accepted by IRB Brasil RE, there is no material exposure to convertibility, mortality or survival ratios. Other internal studies indicate that some non-operating liabilities, related to post-employment benefits, are indexed to inflation and covered by investments in securities with the same indexing (NTN-B), and that there is no significant exposure to this risk factor.

2.5 Market risk

Can be established as the risk arising from changes in prices and rates in the financial market, which can cause impairment in a security or asset portfolio. The key variables affecting the market risk of IRB's investment portfolio are interest rates, currency rates and the liquidity of the assets.

For these variables, managing the risk involves various organizational units and consisting on guidelines and strategies which Management considers being adequate, and which are part of the Company's governance. The techniques used are: VaR (Value at Risk) and the construction of stress scenarios, as preventative loss management.

2.5.1 Value at Risk Analysis

At the Company, there are policies that define limits, processes and tools for the effective management of market risk. In addition, the investment portfolio is monitored daily to ensure that limits are respected.

Value at Risk (VaR) is one of the methods used to manage market risk. Measuring risk through this method estimates the maximum loss anticipated during a specific time horizon and for a certain confidence interval under normal market conditions. This measure considers the effect of diversification of risk in the total portfolio. This metric is commonly used in the market to measure market risk. However, the model uses historical data to calculate portfolio losses and it is limited by the fact that it does not measure them above the confidence level.

Under the historical method, with a significance level of 95%, an observation window of 252 business days and daily returns, the daily VaR of the Company's asset portfolio estimated for September 28, 2018, was approximately R\$3,797, which represents a maximum estimated loss of 0.08% of the total portfolio of assets.

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2.5.2 Foreign currency sensitivity analysis

The Company's operates foreign currencies but its exposure is mainly in US dollars. There is also a smaller exposure to other currencies, such as Sterling, Euros and Argentine Pesos.

The following scenarios were considered for a sensitivity analysis of the R\$/US\$ exchange rate:

- Probable scenario: estimated exchange rate of R\$/US\$ 3.91 for the close of 2018. To define the probable scenario the Market Expectations System of the Central Bank of Brazil for September 28, 2018 was taken as a reference;
- Scenario I: a devaluation of 25%, in relation to the rate under the probable scenario (exchange rate R\$/US\$ 2.93),
- Scenario II: a devaluation of 50% in relation to the rate under the probable scenario (exchange rate R\$/US\$ 1.96).

The following table gives the sensitivity of total assets and liabilities to variations in the exchange rate:

Group	September 30, 2018	Scenarios in December 31, 2018		
	Base	Impact (R\$ thousand)		
		Probable	Scenario I	Scenario II
Total assets in foreign currency (*)	5,901,041	(111,919)	(1,276,993)	(2,442,067)
Total liabilities in foreign currency	(5,614,964)	106,493	1,215,085	2,323,678
Net exposure	286,077	(5,426)	(61,908)	(118,389)
Impact (%) on shareholders' equity		(0.1)	(1.6)	(3.1)
Impact (%) on income		(0.6)	(7.3)	(14.0)

(*) Including the foreign currency portion of local currency investment funds.

2.5.3 Interest rate sensitivity analysis

The Company is exposed to an interest rate risk, since it holds securities linked to this market risk factor.

The following scenarios were considered for a sensitivity analysis of variations in the SELIC interest rate:

- Probable scenario: an estimated interest rate of 6.6% for the close of 2018. To define the probable scenario the Market Expectations System of the Central Bank of Brazil for September 28, 2018;
- Scenario I: a variation of 25%, in relation to the curve of the probable scenario (interest rate 8.3%);
- Scenario II: a variation of 50%, in relation to the curve of the probable scenario (interest rate 9.9%).

The following table gives the sensitivity of the portfolio of financial assets to variations in the interest rate:

Group	September 30, 2018	Scenarios in December 31, 2018		
	Base	Impact (R\$ thousand)		
		Probable	Scenario I	Scenario II
Total portfolio (*)	5,727,484	5,715,765	5,623,685	5,531,605
Impact (%) on total portfolio		(0.2)	(1.8)	(3.4)
Impact (R\$)		(11,719)	(103,799)	(195,879)
Impact (%) on shareholders' equity		(0.3)	(2.8)	(5.2)
Impact (%) on income		(1.4)	(12.3)	(23.2)

(*) Total portfolio balance does not include current account balances (see note 6.1).

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Consolidated analysis by economic stress tests

Management applied the assets to a selection of the main worldwide economic stress tests using the Predictive method, i.e. taking account of the correlations existing between the different risk factors. After this analysis, it was concluded that the most adverse economic scenario for the investment portfolio is the Asian Crisis, the financial crisis which affected Asia in 1997, when there was a sequence of currency devaluations, starting in Thailand and spreading rapidly to most of the Asian market. This in turn caused major falls in share markets, cuts in import revenues and political turbulence, leading to a loss of 2.3% in the portfolio.

The worldwide economic stress tests analyzed were: Mexican Crisis (1995), Asian Crisis (1997), Russian Devaluation (1998), Tech Wreck (2000), Sept 11 (2001) and Fall 2008 (2008).

Currency futures contracts

The Company's investment policy includes the possibility of currency hedging at times when there is an excess of foreign currency assets and liabilities.

2.6 Credit risk

IRB Brasil RE considers that the primary source of credit risk is its retrocession operations. In order to minimize this risk, the Company has adopted the policy of undertaking retrocession operations with companies with proven recorded ratings of not less than A- (S&P, Fitch and AM Best) or A3 (Moody's), and has its own method of classifying retrocessionaires. The Reinsurer's exposure is mitigated by the application of retrocession limits (individual and aggregate) for counterparties, which are reviewed and approved at least once a year by the Security Committee. The table below indicates the quality of the current retrocessionaires of IRB Brasil RE:

Retrocession assets

September 30, 2018				
% of reinsures participating in the agreements and hedges in force				
Rating range (*)	Local	Admitted	Occasional	Total
AAA or equivalent	-	4.3	0.4	4.7
AA or equivalent	0.2	32.6	4.5	37.3
A or equivalent	0.1	8.1	49.5	57.7
BBB or equivalent	0.1	-	-	0.1
Unrated	0.1	0.1	-	0.2
	0.5	45.1	54.4	100.0

December 31, 2017				
% of reinsures participating in the agreements and hedges in force				
Rating range (*)	Local	Admitted	Occasional	Total
AAA or equivalent	-	3.6	0.4	4.0
AA or equivalent	0.2	35.2	4.1	39.5
A or equivalent	0.1	9.5	46.5	56.1
BBB or equivalent	0.1	-	-	0.1
Unrated	0.2	0.1	-	0.3
	0.6	48.4	51.0	100.0

(*)The ratings are allocated by the following agencies: S&P - Standard & Poor's, Moody's, A.M. Best and Fitch.

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Credit ratings for reinsurance operations are shown in the following table:

Credit ratings for operations

Rating range (*)	September 30, 2018			% of exposures with reinsures By rating range	% of exposures with insures By rating range
	Local	Admitted	Occasional	Total	Total
A or equivalent	0.5	0.7	32.5	33.7	44.2
B or equivalent	0.1	0.5	8.9	9.5	10.9
CCC+ or equivalent	0.5	1.1	29.1	30.7	17.3
CCC or equivalent	-	1.8	17.6	19.4	14.1
CC or equivalent	-	-	0.2	0.2	-
CCC- or equivalent	0.2	-	3.1	3.3	-
D or equivalent	-	-	3.2	3.2	13.5
	1.3	4.1	94.6	100.0	100.0

Rating range (*)	December 31, 2017			% of exposures with reinsures By rating range	% of exposures with insures By rating range
	Local	Admitted	Occasional	Total	Total
A or equivalent	0.1	0.5	36.9	37.5	47.4
B or equivalent	0.2	0.4	8.6	9.2	7.8
CCC+ or equivalent	0.6	1.2	26.0	27.8	18.8
CCC or equivalent	0.1	2.0	17.1	19.2	10.4
CC or equivalent	-	-	0.2	0.2	-
CCC- or equivalent	0.2	0.1	2.5	2.8	2.0
D or equivalent	-	-	3.3	3.3	13.6
	1.2	4.2	94.6	100.0	100.0

(*)The credit ratings for operations are measured according to the Company's internal criteria.

The credit risk for investment funds and financial instruments is limited because the counterparties are banks with high credit ratings awarded by the international agencies.

The following techniques are used to control and mitigate credit risk: definition of retrocession limits for each entity; monitoring of credit risk exposure; monitoring of changes and trends in the insurance and reinsurance markets and in the financial market; and preventative loss management.

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Exposure to credit risk

The Company is exposed to a concentration of reinsurer risks due to the nature of the reinsurance market. A risk classification by age of balances is shown below.

Portfolio breakdown by class and accounting category	Parent Company							Book balance December 31, 2017
	September 30, 2018							
	Assets not overdue and not impaired	Assets overdue and not impaired					Book value	
		0 to 30 days	31 to 60 days	61 to 120 days	121 to 180 days	Above 180 days		
Cash and cash equivalents	16,430						16,430	16,222
At fair value through profit or loss								
Private	163,241						163,241	173,081
Public	1,258,491						1,258,491	320,096
Foreign	894,885						894,885	606,934
Available for sale								
Private	106,314						106,314	111,450
Public	3,001,909						3,001,909	4,033,902
Foreign	232,156						232,156	127,762
Held to maturity								
Private							-	285,733
Credits from transactions - insurer and reinsurer	3,620,775	351,203	135,623	307,042	53,196	272,776	4,740,615	3,307,861
Total financial assets, and assets from insurance and reinsurance agreements	9,294,201	351,203	135,623	307,042	53,196	272,776	10,414,041	8,983,041

Portfolio breakdown by class and accounting category	Consolidated							Book balance December 31, 2017
	September 30, 2018							
	Assets not overdue and not impaired	Assets overdue and not impaired					Book value	
		0 to 30 days	61 to 120 days	61 to 120 days	121 to 180 days	Above 180 days		
Cash and cash equivalents	28,870						28,870	25,771
At fair value through profit or loss								
Private	187,119						187,119	266,969
Public	1,258,793						1,258,793	320,161
Foreign	894,885						894,885	606,934
Available for sale								
Private	134,894						134,894	289,406
Public	3,001,919						3,001,919	3,903,951
Foreign	249,874						249,874	142,908
Held to maturity								
Private	-						-	285,733
Credits from transactions - insurer and reinsurer	3,620,775	351,203	135,623	307,042	53,196	272,793	4,740,632	3,307,875
Total financial assets, and assets from insurance and reinsurance agreements	9,377,129	351,203	135,623	307,042	53,196	272,793	10,496,986	9,149,708

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2.7 Liquidity risk

Liquidity risk is associated with the risk of the Company, even if it is solvent, does not have the resources to meet its obligations in a timely manner, or only comply with them by selling assets in unfavorable conditions, implying financial losses.

To manage this risk, we seek to allocate a minimum reserve in highly liquid funds to meet short-term cash requirements. This risk is continuously supervised by monitoring the cash flows of assets and liabilities over time, as shown in the table below.

	September 30, 2018			
	Parent Company		Consolidated	
	Assets (*)	Liabilities (**)	Assets (*)	Liabilities (**)
Flow from 0 to 12 months	6,275,214	3,880,394	6,285,681	3,880,668
Flow from 12 to 24 months	1,702,782	2,515,350	1,702,968	2,515,527
Flow from 24 to 36 months	584,806	1,146,833	585,277	1,146,913
Flow from 36 to 48 months	282,317	600,216	282,549	600,258
Flow above 48 months	745,960	952,969	747,050	953,036
	9,591,079	9,095,762	9,603,525	9,096,402

(*)The flow of assets consists of the sum of cash flows arising from assets available for security, cash and cash equivalents, retrocession assets and receivables.

(**)The flow of liabilities consists of technical reinsurance provisions.

2.8 Valuation techniques and assumptions applied for calculating fair value

The determination of fair value of financial assets and liabilities is described below:

- (a) Fair value of financial assets and liabilities with standard terms and conditions which are traded on active markets is determined on the basis of the prices observed in those markets.
- (b) Fair value of derivative instruments is based on quoted prices. Currency futures contracts are measured on the basis of exchange rates and yield curves obtained for prices and for contracts with the same maturity dates.

Fair value of other financial assets and liabilities (excepting those listed above) is determined according to generally accepted pricing models and based on discounted cash flow analysis.

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2.9 Measurements at fair value recognized in the balance sheet

The following table gives an analysis of the financial instruments measured at fair value after initial recognition, grouped into Levels 1 and 2 according to the degree to which fair value is observable:

(a) Level 1 fair value measurement is obtained from quoted (unadjusted) prices in active markets for identical assets or liabilities.

(b) Level 2 fair value measurement is obtained from variables, other than the quoted prices included in Level 1, which are observable for the asset or liability directly (i.e. as prices) or indirectly (i.e. based on prices).

(c) Level 3 fair value measurement are those obtained from valuation techniques, which include variables for the asset or liability, but not based on observable market data (non-observable data).

		Parent Company		Consolidated	
		September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Financial assets at fair value through income					
Financial Treasury Bills	Level 1	957,150	7,028	957,150	7,028
Repo transactions	Level 1	301,341	313,068	301,643	313,133
Investment fund units	Level 1	165,015	173,240	189,395	267,760
Fixed term deposits	Level 1	768,704	277,223	768,704	277,223
Units in variable income funds	Level 1	29,166	26,585	28,850	26,585
Shares in Brazilian companies	Level 1	-	9,228	-	9,228
Shares held abroad	Level 3	-	233,500	-	233,500
Debentures - Vale	Level 1	1,791	1,309	1,791	1,309
Debentures - Inepar	Level 3	11,858	11,798	11,858	11,798
Fixed term deposits	Level 2	-	46,500	-	46,500
Real Estate Funds	Level 1	28,051	-	28,051	-
Governments Bonds held abroad	Level 1	53,355	-	53,355	-
Others	Level 2	186	632	-	-
Total		2,316,617	1,100,111	2,340,797	1,194,064
Financial assets available for sale					
Financial Treasury Bills	Level 1	2,290,614	3,363,989	2,290,614	3,363,989
National Treasury Bills	Level 1	-	219,820	-	219,820
National Treasury Notes	Level 1	662,588	401,155	662,588	401,155
Bank Deposit Certificates	Level 2	-	-	-	-
Real Estate Funds	Level 1	-	-	28,595	48,004
Debentures	Level 1	52,561	20,563	52,561	20,563
Financial Bills	Level 1	52,667	89,851	52,667	89,851
Repo transactions	Level 1	48,707	48,938	48,717	48,956
Trade bills	Level 1	1,071	1,019	1,071	1,019
Others	Level 2	15	17	-	-
Government Bonds held abroad	Level 1	192,393	93,990	192,393	93,990
American Depositary Receipts - ADR	Level 1	6,283	4,425	6,283	4,425
Fixed income securities held abroad	Level 1	33,480	29,347	33,480	29,347
U.S. Treasury securities Obligations of U.S.	Level 1	-	-	7,367	6,766
Obligations of U.S. Government corporations and agencies	Level 1	-	-	2,103	1,432
Non-U.S. Government	Level 1	-	-	-	1,019
Sec Issued by States & Terr.	Level 1	-	-	1,054	219
Corporate securities	Level 1	-	-	5,395	4,428
Short-term investments	Level 1	-	-	1,799	1,282
Total		3,340,379	4,273,114	3,386,687	4,336,265

2.9.1 Details of fair value of financial assets held to maturity

	Parent Company and Consolidated			
	September 30, 2018		December 31, 2017	
	Book Value	Market Value	Book Value	Market Value
Financial assets held to maturity				
Financial bills - private	-	-	285,733	285,733
Total	-	-	285,733	285,733

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2.9.2 Methods and assumptions used in estimating the fair value of an asset

All the methods and assumptions for valuation on the curve and at market, after defining the type of marking for each asset, are exclusively in line with the techniques detailed in IRB Brasil RE's asset marking manuals, which correspond fully with the marking manuals of the custodians who provide services and are responsible for calculation of marking, both to market and on the curve.

In the case of "marking on the curve" a purchase price is fixed for the financial instruments in question and is used as a reference to calculate an interest rate for the entire period of the financial investment, recognizing the appreciation of the asset on a "pro-rata" basis, i.e. taking into account the purchase price of the security and the addition of interest in proportion to the time elapsed since it was issued, appropriated daily. This type of marking, therefore, does not involve losses unless the asset is sold. Since the calculation is always based on purchase price plus a daily appropriation of interest, the yield is always positive. The end result of the rule for marking on the curve is similar to that for marking to market, provided that the security does not have to be sold before maturity.

For marking to market, it is necessary to use curves of expected future rates in order to calculate the present value of each asset. In these cases, when it is necessary to structure forward interest rates, the mapping is done in accordance with market expectations of rates for long periods, and the curves are constructed in line with the observation of prices of fixed-income instruments for specific periods, taking account of all the liquid vertices (traded on the latest business day) and making use primarily of the prices published by ANBIMA. This mapping, although continual, can only be observed for specific periods. Thus it is necessary to estimate the interest rate curve for periods with no related rates or rates traded in the market, which in IRB Brasil RE is done using exponential interpolation.

2.10 Minimum capital, risk capital and liquidity in relation to capital

CNSP Resolution No. 321/2015 and its subsequent changes establishes the methodology for the calculation of risk capital based on the underwriting, credit, operating and market risks, calculation of adjusted shareholders' equity, as well as the criteria of liquidity and solvency.

The above mentioned resolutions are based on the following concepts:

- I Minimum capital requirement: the amount of capital which local reinsurers must maintain at all times in order to operate, being the higher of base capital and risk capital.
- II Base capital: a fixed sum of capital, amounting to R\$60,000, which a local reinsurer must maintain at all times.
- III Risk capital: a variable amount of capital which a local reinsurer must maintain at all times, in order to guarantee the risks inherent in its operations, as provided for in the regulations.
- IV Net assets: All the assets accepted by the National Monetary Council in up to 100% of coverage for technical provisions.
- V Liquidity in relation to risk capital: a situation in which the total of net assets exceeds the amount required for covering provisions in more than 20% of the risk capital obtained on deducting the flow of unregistered transactions from the calculation of market risk capital.

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2.10.1 Calculation of the minimum capital requirement

Considering the methodology established by the regulatory body, the Company presents a sufficiency of adjusted shareholders' equity in relation to the minimum required capital calculated, on the base date of September 30, 2018. The table below shows the results obtained:

	Parent Company and Consolidated	
	September 30, 2018	December 31, 2017
Risk capital based on underwriting risk	614,623	523,073
Risk capital based on credit risk	286,138	324,364
Risk capital based on operating risk	37,681	33,518
Risk capital based on market risk	87,619	82,900
Benefit from risk diversification	(162,159)	(161,909)
Total risk capital (***)	863,902	801,946
Base capital	60,000	60,000
Minimum capital required (**)	863,902	801,946
Adjusted shareholders' equity (*)	2,791,430	2,593,474
Sufficiency of adjusted shareholders' equity	1,927,528	1,791,528

(*) Shareholders' equity used for calculating solvency.

(**) The higher of total risk capital and base capital.

(***) The value of risk capital as at December 31, 2017, has been amended, due to adjustments in the calculation of capital based on credit risk.

	September 30, 2018	December 31, 2017
Shareholders' equity	3,762,166	3,581,183
Deductions		
Prepaid expenses	(20,415)	(6,103)
Equity interest	(595,818)	(623,353)
Intangible assets	(48,613)	(54,097)
Rights/obligations of offshore branches	(109,075)	(103,312)
Tax credits (****)	(226,080)	(228,626)
Other deductions	(50)	(50)
Economic adjustments	29,315	27,832
Adjusted shareholders' equity	2,791,430	2,593,474

(****) The amount of tax credits (Note 10.1) deducted in calculating adjusted shareholders' equity is the surplus exceeding 15% of the minimum capital requirement (CMR).

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2.10.2 Liquidity in relation to risk capital

As of September 30, 2009, the Company presents sufficient levels of net assets, in excess of the need to cover provisions, exceeding the minimum rate established by current regulations for this amount. The table below shows the result of the calculation of liquidity in relation to risk capital.

	Parent Company	
	September 30, 2018	December 31, 2017
Eligible assets (*)	5,448,803	5,155,857
Technical provisions	(9,095,762)	(8,074,546)
Retrocession assets	3,244,116	3,295,527
Reducing assets	(667,248)	(701,966)
Credit rights	1,548,978	991,258
20.0% coverage of total risk capital (**)	(171,591)	(165,826)
Liquidity sufficiency	307,296	500,304

(*) Financial investments linked to technical provisions.

(**) As provided for in CNSP Resolution No. 321/15, the risk capital used to calculate liquidity should be net of the unregistered flows used to calculate risk capital based on market risk.

	Consolidated	
	September 30, 2018	December 31, 2017
Eligible assets (*)	5,448,803	5,155,857
Technical provisions	(9,096,402)	(8,103,804)
Retrocession assets	3,244,122	3,324,410
Reducing assets	(667,248)	(701,966)
Credit rights	1,548,978	991,258
20.0% coverage of total risk capital (**)	(171,591)	(165,826)
Liquidity sufficiency	306,662	499,929

(*) Financial investments linked to technical provisions.

(**) As provided for in CNSP Resolution No. 321/15, the risk capital used to calculate liquidity should be net of the unregistered flows used to calculate risk capital based on market risk.

IRB-Brasil Resseguros S.A.

Notes to the Quarterly Information - ITR as at September 30, 2018

In thousand of Reais, except where otherwise indicated

Section C – Information by segment

3 Information by business segment

3.1 Statements of income by segment

IRB Brasil RE's business segments are identified according to their executive structure, which takes into account the internal financial reports of operating performance in Brazil and abroad which management uses in conducting the business. Net income is the key factor used by management in monitoring results.

As at September 30, 2018 and 2017, IRB Brasil RE's income by geographical region was as shown below:

	Quarter			
	Parent Company		Consolidated	
	July 1 to September 30, 2018	July 1 to September 30, 2017	July 1 to September 30, 2018	July 1 to September 30, 2017
Premiums written	1,654,582	1,434,485	1,654,582	1,434,485
Premiums written - country	992,273	907,831	992,273	907,831
Premiums written - abroad	662,309	526,654	662,309	526,654
Premiums earned	1,503,630	1,333,585	1,503,630	1,333,585
Premiums earned - country	879,242	842,402	879,242	842,402
Premiums earned - abroad	624,388	491,183	624,388	491,183
Claims incurred	(880,672)	(821,183)	(880,672)	(821,183)
Claim incurred - country	(318,165)	(404,398)	(318,165)	(404,398)
Claim incurred - abroad	(562,507)	(416,785)	(562,507)	(416,785)
Acquisition cost	(40,600)	(26,706)	(40,600)	(26,706)
Acquisition cost - country	(18,097)	(14,213)	(18,097)	(14,213)
Acquisition cost - abroad	(22,503)	(12,493)	(22,503)	(12,493)
Income from retrocession	(297,248)	(287,615)	(297,248)	(287,615)
Income from retrocession - country	(276,895)	(279,641)	(276,895)	(279,641)
Income from retrocession - abroad	(20,353)	(7,974)	(20,353)	(7,974)
Gross margin	285,110	198,081	285,110	198,081
Gross margin - country	266,085	144,150	266,085	144,150
Gross margin - abroad	19,025	53,931	19,025	53,931
Other operating revenues and expenses	(13,284)	(592)	(13,284)	(197)
Administrative expenses	(50,552)	(59,575)	(58,066)	(63,227)
Tax expenses	(28,754)	(35,916)	(29,492)	(34,402)
Operating income	192,520	101,998	184,268	100,255
Financial income	146,883	144,305	156,228	150,287
Equity income	24,001	10,819	27,642	10,243
Gains or losses on non-current assets	-	19	-	19
Income before income and social contribution taxes	363,404	257,141	368,138	260,804
Income and social contribution taxes	(58,879)	(35,608)	(63,613)	(39,271)
Net income for the quarter	304,525	221,533	304,525	221,533

IRB-Brasil Resseguros S.A.

Notes to the Quarterly Information - ITR as at September 30, 2018

In thousand of Reais, except where otherwise indicated

3.1 Statements of income by segment

	Half-year			
	Parent Company		Consolidated	
	January 1 to June 30, 2018	January 1 to June 30, 2017	January 1 to June 30, 2018	January 1 to June 30, 2017
Premiums written	4,582,474	3,981,046	4,582,474	3,981,046
Premiums written - country	2,813,354	2,641,071	2,813,354	2,641,071
Premiums written - abroad	1,769,120	1,339,975	1,769,120	1,339,975
Premiums earned	4,085,025	3,528,591	4,085,025	3,528,591
Premiums earned - country	2,419,879	2,363,536	2,419,879	2,363,536
Premiums earned - abroad	1,665,146	1,165,055	1,665,146	1,165,055
Claims incurred	(1,936,931)	(1,932,975)	(1,936,931)	(1,932,975)
Claim incurred - country	(594,101)	(1,130,014)	(594,101)	(1,130,014)
Claim incurred - abroad	(1,342,830)	(802,961)	(1,342,830)	(802,961)
Acquisition cost	(106,796)	(93,265)	(106,796)	(93,265)
Acquisition cost - country	(50,149)	(46,811)	(50,149)	(46,811)
Acquisition cost - abroad	(56,647)	(46,454)	(56,647)	(46,454)
Income from retrocession	(1,078,169)	(837,850)	(1,078,169)	(837,850)
Income from retrocession - country	(1,007,298)	(791,642)	(1,007,298)	(791,642)
Income from retrocession - abroad	(70,871)	(46,208)	(70,871)	(46,208)
Gross margin	963,129	664,501	963,129	664,501
Gross margin - country	768,331	395,069	768,331	395,069
Gross margin - abroad	194,798	269,432	194,798	269,432
Other operating revenues and expenses	(28,518)	(32,253)	(28,518)	(30,954)
Administrative expenses	(168,146)	(195,097)	(184,514)	(205,355)
Tax expenses	(98,609)	(57,060)	(101,017)	(57,060)
Operating income	667,856	380,091	649,080	371,132
Financial income	264,153	495,085	359,377	521,536
Equity income	113,935	36,691	73,570	32,447
Gains or losses on non-current assets	-	24	-	24
Income before income and social contribution taxes	1,045,944	911,891	1,082,027	925,139
Income and social contribution taxes	(200,081)	(235,978)	(236,164)	(249,226)
Net income for the quarter	845,863	675,913	845,863	675,913

IRB-Brasil Resseguros S.A.

Notes to the Quarterly Information - ITR as at September 30, 2018

In thousand of Reais, except where otherwise indicated

The Company management bases its decision-making on a set of accounts which differ from those shown in the statement of income, which is prepared in accordance with the accounting practices generally accepted in Brazil for reinsurers, as shown below:

	Quarter			
	Parent Company		Consolidated	
	July 1 to September 30, 2018	July 1 to September 30, 2017	July 1 to September 30, 2018	July 1 to September 30, 2017
Reinsurance premiums - country (a)	1,179,198	1,072,257	1,179,198	1,072,257
Reinsurance premiums - abroad (a)	771,873	601,291	771,873	601,291
Premiums ceded in retrocession (b)	(403,478)	(331,585)	(403,478)	(331,585)
Premiums retained	1,547,593	1,341,963	1,547,593	1,341,963
Change in technical provisions (c)	(297,873)	(193,146)	(297,873)	(193,146)
Premiums earned	1,249,720	1,148,817	1,249,720	1,148,817
Claims retained (d)	(730,614)	(758,718)	(730,614)	(758,718)
PSL	(541,352)	(512,151)	(541,352)	(512,151)
IBNR	(183,594)	(233,792)	(183,594)	(233,792)
Others	(5,668)	(12,775)	(5,668)	(12,775)
Acquisition cost (e)	(247,787)	(203,700)	(247,787)	(203,700)
Gross income	271,319	186,399	271,319	186,399
Other operating expenses (f)	(36,755)	(47,625)	(37,491)	(48,061)
Administrative expenses (g)	(48,516)	(57,013)	(55,527)	(56,535)
Financial and equity income (h)	188,013	191,061	200,494	194,682
Financial income	178,111	190,903	178,224	184,203
Equity income	9,902	158	22,270	10,479
Income before taxes	374,061	272,822	378,795	276,485
Taxes, contributions and profit sharing (i)	(69,536)	(51,289)	(74,270)	(54,952)
Net income for the quarter	304,525	221,533	304,525	221,533

	Half-year			
	Parent Company		Consolidated	
	January 1 to September 30, 2018	January 1 to September 30, 2017	January 1 to September 30, 2018	January 1 to September 30, 2017
Reinsurance premiums - country (a)	3,241,579	3,001,459	3,241,579	3,001,459
Reinsurance premiums - abroad (a)	2,041,132	1,527,653	2,041,132	1,527,653
Premiums ceded in retrocession (b)	(1,265,694)	(1,261,346)	(1,265,694)	(1,261,346)
Premiums retained	4,017,017	3,267,766	4,017,017	3,267,766
Change in technical provisions (c)	(647,904)	(354,508)	(647,904)	(354,508)
Premiums earned	3,369,113	2,913,258	3,369,113	2,913,258
Claims retained (d)	(1,864,352)	(1,774,034)	(1,864,352)	(1,774,034)
PSL	(1,630,423)	(1,480,324)	(1,630,423)	(1,480,324)
IBNR	(226,723)	(269,095)	(226,723)	(269,095)
Others	(7,206)	(24,615)	(7,206)	(24,615)
Acquisition cost (e)	(655,852)	(515,684)	(655,852)	(515,684)
Gross income	848,909	623,540	848,909	623,540
Other operating expenses (f)	(129,844)	(119,135)	(132,252)	(120,159)
Administrative expenses (g)	(160,849)	(171,640)	(169,463)	(175,081)
Financial and equity income (h)	513,933	615,272	561,038	632,985
Financial income	484,231	615,272	493,938	600,161
Equity income	29,702	-	67,100	32,824
Income before taxes	1,072,149	948,037	1,108,232	961,285
Taxes, contributions and profit sharing (i)	(226,286)	(272,124)	(262,369)	(285,372)
Net income for the half-year	845,863	675,913	845,863	675,913

**Notes to the Quarterly Information - ITR
as at September 30, 2018**

In thousand of Reais, except where otherwise indicated

The table below shows a reconciliation between the balances appearing in the statement of income and the balances used for decision-making by the Company's management.

	Quarter			
	Parent Company		Consolidated	
	July 1 to September 30, 2018	July 1 to September 30, 2017	July 1 to September 30, 2018	July 1 to September 30, 2017
Net premiums written	1,654,582	1,434,485	1,654,582	1,434,485
Gross premium written (a)	1,950,236	1,673,475	1,950,236	1,673,475
Reinsurance commission (e)	(295,654)	(238,990)	(295,654)	(238,990)
Variation in technical provision	(150,952)	(100,900)	(150,952)	(100,900)
Variation in technical provisions - premiums (c)	(195,085)	(105,469)	(195,085)	(105,469)
Variation in technical provisions - commission (e)	62,607	26,135	62,607	26,135
Variation in technical provisions - other provisions (c)	(18,474)	(21,566)	(18,474)	(21,566)
Premiums earned	1,503,630	1,333,585	1,503,630	1,333,585
Claims incurred (d)	(880,672)	(821,183)	(880,672)	(821,183)
Acquisition cost (e)	(40,600)	(26,706)	(40,600)	(26,706)
Income from retrocession	(297,248)	(287,615)	(297,248)	(287,615)
Recovery of claims incurred (d)	177,932	96,809	177,932	96,809
Salvages and reimbursements to retrocessionarie (d)	(7,387)	(7,757)	(7,387)	(7,757)
IBNR recovery (d)	(15,794)	(18,270)	(15,794)	(18,270)
Premiums ceded in retrocession (b)	(403,105)	(331,385)	(403,105)	(331,385)
Commission on premiums ceded in retrocession (e)	22,172	32,108	22,172	32,108
Variation in technical provisions - premiums ceded (c)	(84,314)	(66,111)	(84,314)	(66,111)
Variation in technical provisions - commission ceded (e)	3,646	3,811	3,646	3,811
Variation in technical provisions - other provisions (c)	-	-	-	-
Other retrocession income (f)	9,503	3,230	9,503	3,230
Other income - acquisition cost (e)	99	(50)	99	(50)
Gross margin	285,110	198,081	285,110	198,081
Other operating revenues and expenses	(13,284)	(592)	(13,284)	(197)
Other operating revenues and expenses (f)	(21,636)	(21,810)	(21,636)	(21,415)
Provision for credit coverage (h)	(167)	(2)	(167)	(2)
Other financial income (h)	8,519	21,220	8,519	21,220
Administrative expenses	(50,552)	(59,575)	(58,066)	(63,227)
Profit sharing (i)	-	-	-	-
Tax expenses (f)	(83)	(80)	(81)	(2,425)
Other tax expenses (i)	(1,979)	(1,036)	(1,979)	(1,036)
Other administrative expenses (g)	(48,516)	(57,013)	(57,668)	(56,535)
Other financial income (h)	3	(24)	1,639	(1,809)
Other operating revenues and expenses (f)	23	(1,422)	23	(1,422)
Tax expenses	(28,754)	(35,916)	(29,492)	(34,402)
Tax - subsidiaries and affiliates (i)	(4,361)	(8,523)	(4,361)	(8,523)
Tax expenses (f)	(24,393)	(27,393)	(25,131)	(25,879)
Other taxes (h)	-	-	-	-
Operating income	192,520	101,998	184,268	100,255
Financial income	146,883	144,305	156,228	150,287
Interest on acquisition cost (e)	(57)	(8)	(57)	(8)
Interest on premiums ceded (b)	(373)	(200)	(373)	(200)
Interest on premiums abroad (a)	54	55	54	55
Interest on premiums in the country (a)	781	18	781	18
Interest on claims (d)	(4,693)	(8,317)	(4,693)	(8,317)
Tax expenses (f)	(169)	(150)	(169)	(150)
Financial income (h)	155,657	159,029	165,002	165,011
Other financial income (i)	(4,317)	(6,122)	(4,317)	(6,122)
Equity income	24,001	10,819	27,642	10,243
Other equity income (h)	24,001	10,819	25,501	10,243
Other administrative expenses (g)	-	-	2,141	-
Gains from non-current assets (h)	-	19	-	19
Income before income and social contribution taxes	363,404	257,141	368,138	260,804
Income and social contribution taxes (i)	(58,879)	(35,608)	(63,613)	(39,271)
Net income for the quarter	304,525	221,533	304,525	221,533

**Notes to the Quarterly Information - ITR
as at September 30, 2018**

In thousand of Reais, except where otherwise indicated

	Half-year			
	Parent Company		Consolidated	
	January 1 to September 30, 2018	January 1 to September 30, 2017	January 1 to September 30, 2018	January 1 to September 30, 2017
Net premiums written	4,582,474	3,981,046	4,582,474	3,981,046
Gross premium written (a)	5,280,285	4,528,898	5,280,285	4,528,898
Reinsurance commission (e)	(697,811)	(547,852)	(697,811)	(547,852)
Variation in technical provision	(497,449)	(452,455)	(497,449)	(452,455)
Variation in technical provisions - premiums (c)	(485,602)	(397,933)	(485,602)	(397,933)
Variation in technical provisions - commission (e)	78,141	9,648	78,141	9,648
Variation in technical provisions - other provisions (c)	(89,988)	(64,170)	(89,988)	(64,170)
Premiums earned	4,085,025	3,528,591	4,085,025	3,528,591
Claims incurred (d)	(1,936,931)	(1,932,975)	(1,936,931)	(1,932,975)
Acquisition cost (e)	(106,796)	(93,265)	(106,796)	(93,265)
Income from retrocession	(1,078,169)	(837,850)	(1,078,169)	(837,850)
Recovery of claims incurred (d)	353,569	472,478	353,569	472,478
Salvages and reimbursements to retrocessionarie (d)	(18,875)	(43,881)	(18,875)	(43,881)
IBNR recovery (d)	(160,130)	(236,657)	(160,130)	(236,657)
Premiums ceded in retrocession (b)	(1,264,678)	(1,261,146)	(1,264,678)	(1,261,146)
Commission on premiums ceded in retrocession (e)	75,728	110,278	75,728	110,278
Variation in technical provisions - premiums ceded (c)	(72,324)	107,595	(72,324)	107,595
Variation in technical provisions - commission ceded (e)	(4,849)	5,492	(4,849)	5,492
Variation in technical provisions - other provisions (c)	10	-	10	-
Other retrocession income (f)	13,577	7,954	13,577	7,954
Other income - acquisition cost (e)	(197)	37	(197)	37
Gross margin	963,129	664,501	963,129	664,501
Other operating revenues and expenses	(28,518)	(32,253)	(28,518)	(30,954)
Other operating revenues and expenses (f)	(46,410)	(58,057)	(46,410)	(56,758)
Provision for credit coverage (h)	(172)	(240)	(172)	(240)
Other financial income (h)	18,064	26,044	18,064	26,044
Administrative expenses	(168,146)	(195,097)	(184,514)	(205,355)
Profit sharing (i)	(648)	(739)	(648)	(739)
Tax expenses (f)	(279)	(1,942)	(279)	(4,265)
Other tax expenses (i)	(2,301)	(2,886)	(2,301)	(2,886)
Other administrative expenses (g)	(160,849)	(171,640)	(175,640)	(175,081)
Other financial income (h)	(12)	(44)	(1,589)	(4,538)
Other operating revenues and expenses (f)	(4,057)	(17,846)	(4,057)	(17,846)
Tax expenses	(98,609)	(57,060)	(101,017)	(57,060)
Tax - subsidiaries and affiliates (i)	(6,847)	(8,523)	(6,847)	(8,523)
Tax expenses (f)	(91,762)	(48,537)	(94,170)	(48,537)
Operating income	667,856	380,091	649,080	371,132
Financial income	264,153	495,085	359,377	521,536
Interest on acquisition cost (e)	(68)	(22)	(68)	(22)
Interest on premiums ceded (b)	(1,016)	(200)	(1,016)	(200)
Interest on premiums abroad (a)	171	154	171	154
Interest on premiums in the country (a)	2,255	60	2,255	60
Interest on claims (d)	(101,985)	(32,999)	(101,985)	(32,999)
Tax expenses (f)	(913)	(707)	(913)	(707)
Financial income (h)	382,118	552,797	477,342	579,248
Other financial income (i)	(16,409)	(23,998)	(16,409)	(23,998)
Equity income	113,935	36,691	73,570	32,447
Other equity income (h)	113,935	36,691	67,393	32,447
Other administrative expenses (g)	-	-	6,177	-
Gains from non-current assets (h)	-	24	-	24
Income before income and social contribution taxes	1,045,944	911,891	1,082,027	925,139
Income and social contribution taxes (i)	(200,081)	(235,978)	(236,164)	(249,226)
Net income for the half-year	845,863	675,913	845,863	675,913

IRB-Brasil Resseguros S.A.

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In thousand of Reais, except where otherwise indicated

Section D – Group structure

4 Investments 4.1 Changes in investments

	Parent Company	
	September 30, 2018	December 31, 2017
Initial position	623,352	224,393
Capital increase (i)	-	386,541
Parent Companies income	77,763	66,762
Equity valuation adjustment	(23,483)	-
Dividends paid	(92,168)	(54,861)
Foreign exchange variations	3,872	517
Impairment reversal (provision) (ii)	6,482	-
Final position	595,818	623,352

(i) On February 29, 2016, IRB Brasil RE incorporated IRB Investimentos e Participações Imobiliárias S.A., a wholly-owned subsidiary, for the purpose of structuring the system of management of interests in the shopping malls which it owns, incorporating wholly-owned subsidiaries and taking interests in the capital of companies involved in real estate business. In December 2016 its authorized capital was R\$168,466, fully paid in.

At an Extraordinary Shareholders' Meeting held on February 17, 2017, the Company decided to make a capital increase of R\$400,000 through the issuance of 400,000,000 new common shares, of which the amount of R\$381,441 was paid in and the balance of R\$18,559 is still outstanding. As a result, the balance of capital stock as at December 31, 2017 was R\$549,907, comprising the capital of R\$568,466 and the capital to be paid in of R\$18,559.

The Constituent Shareholders' Meeting of IRB Asset Management, held on December 13, 2017, set the amount of capital at R\$5,100 to be paid in immediately.

(ii) On November 7, 2016, IRB Brasil RE received an offer to purchase its subsidiary located in the United States. The investment is in run-off, and a 100% provision for impairment has been set up. However, in view of the offer received, the Company has partially reversed this provision. On April 6, 2018, IRB International Corporation, a subsidiary of the Company, entered into a Share Purchase Agreement with a company affiliated with Quest Group Holdings Limited ("Quest") for the sale of IRB indirectly owns the United Americas Insurance Company ("UAIC"), a subsidiary of IRB International Corporation. The amount of the transaction was approximately US\$5.3 million and will be paid at the time of the sale.

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Notes to the Quarterly Information - ITR as at September 30, 2018 In thousand of Reais, except where otherwise indicated

4.2 Corporate interests

				Consolidated	
				September 30, 2018	
				Percentage	
Name	Country	Business	Relationships	Direct interest on common shares	Indirect interest on common shares
IRB Internacional	USA	Holding	Subsidiary	100.0%	
IRB Asset Management	Brazil	Management of financial assets	Subsidiary	100.0%	
IRB Investimentos e Participações Imobiliárias	Brazil	Real estate management	Subsidiary	100.0%	
IRB Santos Dumont (*)	Brazil	Real estate management	Indirect subsidiary		100.0%
IRB Chile (*)	Brazil	Real estate management	Indirect subsidiary		100.0%
IRB Uso (*)	Brazil	Real estate management	Indirect subsidiary		100.0%
IRB Renda (*)	Brazil	Real estate management	Indirect subsidiary		100.0%
BB Ações 22 Fundo de Investimento	Brazil	Investment Fund	Subsidiary	100.0%	
BB Peabiru Fundo de Investimento Renda Fixa	Brazil	Investment Fund	Subsidiary	100.0%	
Bradesco Fundo de Investimento em Ações Safe IBRX-50	Brazil	Investment Fund	Subsidiary	100.0%	
Itaú FI IRB Brasil RE Renda Fixa	Brazil	Investment Fund	Subsidiary	100.0%	
Caixa FI IRB Brasil RE Renda Fixa	Brazil	Investment Fund	Subsidiary	100.0%	
Bradesco FI IRB Brasil RE Renda Fixa	Brazil	Investment Fund	Subsidiary	100.0%	
Bradesco FI IRB Brasil RE Renda Fixa Supreme	Brazil	Investment Fund	Subsidiary	100.0%	
Itaú FI IRB Brasil RE LP Crédito Privado	Brazil	Investment Fund	Subsidiary	100.0%	
Caixa FI IRB Brasil RE LP Crédito Privado	Brazil	Investment Fund	Subsidiary	100.0%	
B.Brasil FI IRB Brasil RE LP Crédito Privado	Brazil	Investment Fund	Subsidiary	100.0%	
Bradesco FI IRB Brasil RE LP Crédito Privado	Brazil	Investment Fund	Subsidiary	100.0%	
Fundo de Investimento RF IRB Brasil RE Absoluto	Brazil	Investment Fund	Subsidiary	100.0%	
IRB Fundo de Investimento Multimercado	Brazil	Investment Fund	Subsidiary	100.0%	

				Consolidated	
				December 31, 2017	
				Percentage	
Name	Country	Business	Relationships	Direct interest on common shares	Indirect interest on common shares
IRB Internacional	USA	Holding	Subsidiary	100.0%	
IRB Asset Management	Brazil	Management of financial assets	Subsidiary	100.0%	
IRB Investimentos e Participações Imobiliárias	Brazil	Real estate management	Subsidiary	100.0%	
IRB Santos Dumont (*)	Brazil	Real estate management	Indirect subsidiary		100.0%
IRB Chile (*)	Brazil	Real estate management	Indirect subsidiary		100.0%
IRB Uso (*)	Brazil	Real estate management	Indirect subsidiary		100.0%
IRB Renda (*)	Brazil	Real estate management	Indirect subsidiary		100.0%
BB Ações 22 Fundo de Investimento	Brazil	Investment Fund	Subsidiary	100.0%	
BB Peabiru Fundo de Investimento Renda Fixa	Brazil	Investment Fund	Subsidiary	100.0%	
Bradesco Fundo de Investimento em Ações Safe IBRX-50	Brazil	Investment Fund	Subsidiary	100.0%	
Itaú FI IRB Brasil RE Renda Fixa	Brazil	Investment Fund	Subsidiary	100.0%	
Caixa FI IRB Brasil RE Renda Fixa	Brazil	Investment Fund	Subsidiary	100.0%	
Bradesco FI IRB Brasil RE Renda Fixa	Brazil	Investment Fund	Subsidiary	100.0%	
Bradesco FI IRB Brasil RE Renda Fixa Supreme	Brazil	Investment Fund	Subsidiary	100.0%	
Itaú FI IRB Brasil RE LP Crédito Privado	Brazil	Investment Fund	Subsidiary	100.0%	
Caixa FI IRB Brasil RE LP Crédito Privado	Brazil	Investment Fund	Subsidiary	100.0%	
B.Brasil FI IRB Brasil RE LP Crédito Privado	Brazil	Investment Fund	Subsidiary	100.0%	
Bradesco FI IRB Brasil RE LP Crédito Privado	Brazil	Investment Fund	Subsidiary	100.0%	
Fundo de Investimento RF IRB Brasil RE Absoluto	Brazil	Investment Fund	Subsidiary	100.0%	

(*) Direct subsidiaries of IRB Investimentos e Participações Imobiliárias.

IRB-Brasil Resseguros S.A.

Notes to the Quarterly Information - ITR as at September 30, 2018

In thousand of Reals, except where otherwise indicated

Section E – Notes to the financial statements

5 Cash and cash equivalents

The balance of this account is as follows:

	Parent Company		Consolidated	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Cash and cash equivalents in Brazilian currency	1,760	210	7,772	6,141
Cash and cash equivalents in foreign currency	14,670	16,012	21,098	19,630
Total	16,430	16,222	28,870	25,771

6 Financial investments

6.1 Breakdown of investments

	Parent Company					Total
	September 30, 2018					
	Fair value through profit or loss		Available for sale		Average interest rate - %	
	Amount assessed based on curve	Market /book value	Amount assessed based on curve	Market /book value		
Fixed income securities- Public						
Financial Treasury Bills (i)	956,899	957,150	2,290,199	2,290,614	SELIC	3,247,764
National Treasury Notes	-	-	737,003	662,588	9,8% a.a.	662,588
Repo transactions	301,341	301,341	48,707	48,707	SELIC	350,048
Fixed income securities - Private						
Debentures	13,649	13,649	52,516	52,561	106,1% CDI	66,210
Financial Bills	-	-	52,576	52,667	104,6% CDI	52,667
Trade Notes	-	-	1,071	1,071	106,8% CDI	1,071
Real estate funds	28,051	28,051	-	-	-	28,051
Units in exclusive funds	92,189	92,189	-	-	-	92,189
Others	186	186	15	15	-	201
Variable income securities	28,481	29,166	-	-	-	29,166
	1,420,796	1,421,732	3,182,087	3,108,223		4,529,955
Investments abroad						
Fixed income securities- Public	53,355	53,355	203,096	192,393	5,3% a.a.	245,748
Fixed income securities - Private						
Units in non-exclusive investments funds	72,826	72,826	-	-	106,7%	72,826
American Deposits Receipt	-	-	24,054	6,283	-	6,283
Fixed income securities (HSBC)	-	-	34,973	33,480	2,5% a.a.	33,480
Fixed term deposits abroad (i)	768,704	768,704	-	-	1,8% a.a.	768,704
	894,885	894,885	262,123	232,156		1,127,041
Total	2,315,681	2,316,617	3,444,210	3,340,379		5,656,996
%		41,0%		59,0%		100,0%
Current		2,316,617		132,239		2,448,856
Non-current		-		3,208,140		3,208,140

IRB-Brasil Resseguros S.A.

Notes to the Quarterly Information - ITR as at September 30, 2018 In thousand of Reais, except where otherwise indicated

6.1 Breakdown of investments

								Parent Company
								December 31, 2017
	Fair value through profit or loss		Available for sale		Held to maturity		Average interest rate - %	Total
	Amount assessed based on curve	Market / book value	Amount assessed based on curve	Market / book value	Amount assessed based on curve / accounting	Market / book value		
Fixed income securities- Public								
Financial Treasury Bills	7,028	7,028	3,360,541	3,363,989	-	-	SELIC	3,371,017
National Treasury Notes	-	-	420,569	401,155	-	-	IPCA + 3,8% a.a.	401,155
National Treasury Bills	-	-	221,137	219,820	-	-	9,2% a.a.	219,820
Repo transactions	313,068	313,068	48,938	48,938	-	-	SELIC	362,006
Fixed income securities - Private								
Debentures	13,107	13,107	20,503	20,563	-	-	110,0% CDI	33,670
Fixed term deposits	46,500	46,500	-	-	-	-	-	46,500
Financial Bills	-	-	89,624	89,851	285,733	285,733	106,4% CDI	375,584
Trade Notes	-	-	1,018	1,019	-	-	106,8% CDI	1,019
Units in exclusive funds	77,029	77,029	-	-	-	-	-	77,029
Others	632	632	17	17	-	-	-	649
Variable income securities	32,571	35,813	-	-	-	-	-	35,813
	489,935	493,177	4,162,347	4,145,352	285,733	285,733		4,924,262
Investments abroad								
Fixed income securities- Public	-	-	100,329	93,990	-	-	6,8% a.a.	93,990
Fixed income securities - Private								
Units in non-exclusive investments funds	96,211	96,211	-	-	-	-	23,6%	96,211
American Deposits Receipt	-	-	19,873	4,425	-	-	-	4,425
Fixed income securities (HSBC)	-	-	30,175	29,347	-	-	2,5% a.a.	29,347
Fixed term deposits abroad (i)	277,223	277,223	-	-	-	-	5,3% a.a.	277,223
Other investments abroad	233,500	233,500	-	-	-	-	-	233,500
	606,934	606,934	150,377	127,762	-	-		734,696
Total	1,096,869	1,100,111	4,312,724	4,273,114	285,733	285,733		5,658,958
%		19,4%		75,5%		5,0%		100,0%
Current		1,100,111		161,813		285,733		1,547,657
Non-current		-		4,111,301		-		4,111,301

								Consolidated
								September 30, 2018
	Fair value through profit or loss		Available for sale		Average interest rate - %		Total	
	Amount assessed based on curve	Market /book value	Amount assessed based on curve	Market /book value				
Fixed income securities- Public								
Financial Treasury Bills		956,899		957,150		2,290,199	2,290,614	
National Treasury Notes		-		-		737,003	662,588	
Repo transactions		301,643		301,643		48,717	48,717	
Fixed income securities - Private								
Debentures		13,649		13,649		52,516	52,561	
Financial Bills		-		-		52,576	52,667	
Trade Notes		-		-		1,071	1,071	
Real estate funds		28,051		28,051		29,266	28,595	
Units in exclusive funds		92,189		92,189		-	-	
Units in non-exclusive funds		24,380		24,380		-	-	
Variable income securities		28,481		28,850			28,850	
		1,445,292		1,445,912		3,211,348	3,136,813	
Investments abroad								
Fixed income securities - Public		53,355		53,355		203,096	192,393	
Fixed income securities - Private								
Units in non-exclusive investments funds		72,826		72,826		-	-	
American Deposits Receipt		-		-		24,054	6,283	
Fixed income securities (HSBC)		-		-		34,973	33,480	
Fixed term deposits abroad (i)		768,704		768,704		-	-	
U.S. Treasury Securities Obligations of U.S.		-		-		7,392	7,367	
Obligation of U.S. Government Corporations and Agencies		-		-		2,105	2,103	
Non-U.S. Government		-		-		-	-	
Short-Term Investments		-		-		1,799	1,799	
Sec Issued by States & Terr.		-		-		1,056	1,054	
Corporate Securities		-		-		5,401	5,395	
		894,885		894,885		279,876	249,874	
Total		2,340,177		2,340,797		3,491,224	3,386,687	
%				40,9%			59,1%	
Current				2,340,797			138,905	
Non-current				-			3,247,782	

**Notes to the Quarterly Information - ITR
as at September 30, 2018
In thousand of Reais, except where otherwise indicated**
6.1 Breakdown of investments

								Consolidated
								December 31, 2017
	Fair value through profit or loss		Available for sale		Held to maturity		Average interest rate - %	Total
	Amount assessed based on curve	Market / book value	Amount assessed based on curve	Market / book value	Amount assessed based on curve / accounting	Market / book value		
Fixed income securities - Public								
Financial Treasury Bills	-	-	3,360,541	3,363,989	-	-	SELIC	3,363,989
National Treasury Notes	-	-	420,569	401,155	-	-	IPCA + 3,8% a.a.	401,155
National Treasury Bills	7,028	7,028	221,137	219,820	-	-	9,2% a.a.	226,848
Repo transactions	313,133	313,133	48,956	48,956	-	-	SELIC	362,089
Fixed income securities - Private								
Debentures	13,107	13,107	-	-	-	-	110,0%CDI	13,107
Fixed term deposits	46,500	46,500	-	-	-	-	-	46,500
Financial Bills	-	-	89,624	89,851	285,733	285,733	105,4%CDI	375,584
Trade Notes	-	-	1,018	1,019	-	-	106,8%CDI	1,019
Real estate non-exclusive funds	-	-	50,044	48,004	-	-	-	48,004
Units in exclusive funds	77,029	77,029	-	-	-	-	-	77,029
Units in non-exclusive funds	94,520	94,520	-	-	-	-	-	94,520
Variable income securities	32,571	35,813	-	-	-	-	-	35,813
	583,888	587,130	4,191,889	4,172,794	285,733	285,733		5,045,657
Investments abroad								
Fixed income securities - Public			100,329	93,990			6,8% a.a.	93,990
Fixed income securities - Private								
Units in non-exclusive investments funds	96,211	96,211	-	-	-	-	23,6%	96,211
American Deposits Receipt	-	-	19,873	4,425	-	-	-	4,425
Fixed income securities (HSBC)	-	-	30,175	29,347	-	-	2,5% a.a.	29,347
Fixed term deposits abroad (i)	277,223	277,223	-	-	-	-	5,3% a.a.	277,223
Other investments abroad	233,500	233,500	-	-	-	-	-	233,500
U.S. Treasury Securities Obligations of U.S.	-	-	6,766	6,766	-	-	-	6,766
Obligation of U.S. Government Corporations and Agencies	-	-	1,432	1,432	-	-	-	1,432
Non-U.S. Government	-	-	1,019	1,019	-	-	-	1,019
Sec Issued by States & Terr.	-	-	219	219	-	-	-	219
Corporate Securities	-	-	4,428	4,428	-	-	-	4,428
Short-term Investments	-	-	1,282	1,282	-	-	-	1,282
	606,934	606,934	165,523	142,908	-	-		749,842
Total	1,190,822	1,194,064	4,377,915	4,336,265	285,733	285,733		5,816,062
%		20.5%		74.6%		4.9%		100.0%
Current		1,194,064		116,560		285,733		1,596,357
Non-current		-		4,219,705		-		4,219,705

(i) Time deposits held abroad

They represent investments in time deposits of Citibank (99.0%) and Banco Patagônia (1.0%), with maturities from 12 to 120 days. These investments have the US dollar and the Argentine peso as original currencies. Of this total amount of time deposits, 47.0% is hold against other securities issued by financial institutions in favor of the Company.

IRB-Brasil Resseguros S.A.

Notes to the Quarterly Information - ITR as at September 30, 2018

In thousand of Reais, except where otherwise indicated

6.1.1 Breakdown of investments by type and maturity date

	Parent Company				
	September 30, 2018				
	No maturity date	1 to 180 days	181 to 365 days	Above 365 days	Total
Fair value through profit or loss					
Fixed income securities- Public					
Financial Treasury Bills	-	7,016	-	950,134	957,150
Repo transactions	-	301,341	-	-	301,341
Fixed income securities - Private					
Debentures	13,649	-	-	-	13,649
Units in exclusive funds	92,189	-	-	-	92,189
Real estate funds	28,051	-	-	-	28,051
Others	186	-	-	-	186
Variable income securities					
Shares in Brazilian companies	28,849	-	-	-	28,849
Others	317	-	-	-	317
Investments abroad					
Fixed income securities - Public		53,355			53,355
Fixed income securities - Private					
Units in non-exclusive investments funds	72,826	-	-	-	72,826
Fixed term deposits abroad	-	768,704	-	-	768,704
	236,067	1,130,416	-	950,134	2,316,617
Available for sale					
Fixed income securities - Public					
Financial Treasury Bills	-	27,012	-	2,263,602	2,290,614
National Treasury Notes	-	-	-	662,588	662,588
Repo transactions	-	48,707	-	-	48,707
Fixed income securities - Private					
Debentures	-	4,931	7,203	40,427	52,561
Bank deposit certificates	-	-	-	-	-
Financial Bills	-	27,161	-	25,506	52,667
Trade Bills	-	-	-	1,071	1,071
Others	15	-	-	-	15
Investments abroad					
Fixed income securities - Public		-			192,393
Fixed income securities - Private					
American Deposits Receipt	6,283	-	-	-	6,283
Fixed income securities (HSBC)	-	3,750	7,177	22,553	33,480
	6,298	111,561	14,380	3,208,140	3,340,379
Total					5,656,996

IRB-Brasil Resseguros S.A.

Notes to the Quarterly Information - ITR

as at September 30, 2018

In thousand of Reais, except where otherwise indicated

6.1.1 Breakdown of investments by type and maturity date

	Parent Company				
	December 31, 2017				
	No maturity date	1 to 180 days	181 to 365 days	Above 365 days	Total
Fair value through profit or loss					
Fixed income securities- Public					
Financial Treasury Bills	-	6,768	-	260	7,028
Repo transactions	-	313,068	-	-	313,068
Fixed income securities - Private					
Debentures	13,107	-	-	-	13,107
Fixed term deposits	46,500	-	-	-	46,500
Units in exclusive investment funds	77,029	-	-	-	77,029
Others	368	-	-	-	368
Variable income securities					
Shares in Brazilian companies	35,813	-	-	-	35,813
Others	264	-	-	-	264
Investments abroad					
Units in non-exclusive investments funds	96,211	-	-	-	96,211
Fixed term deposits abroad	-	277,223	-	-	277,223
Other investments abroad	233,500	-	-	-	233,500
	502,792	597,059	-	260	1,100,111
Available for sale					
Fixed income securities - Public					
Financial Treasury Bills	-	16,227	19,254	3,328,508	3,363,989
National Treasury Notes	-	-	-	401,155	401,155
National Treasury Bills	-	-	-	219,820	219,820
Repo transactions	-	48,938	-	-	48,938
Fixed income securities - Private					
Debentures	-	1,664	607	18,292	20,563
Financial Bills	-	9,343	56,103	24,405	89,851
Trade Bills	-	-	-	1,019	1,019
Others	17	-	-	-	17
Investments abroad					
Fixed income securities - Public	-	742	-	93,248	93,990
Fixed income securities - Private					
American Deposits Receipt	4,425	-	-	-	4,425
Fixed income securities (HSBC)	-	2,007	2,486	24,854	29,347
	4,442	78,921	78,450	4,111,301	4,273,114
Held to maturity					
Financial Bills	-	285,733	-	-	285,733
	-	285,733	-	-	285,733
Total					5,658,958

IRB-Brasil Resseguros S.A.

Notes to the Quarterly Information - ITR

as at September 30, 2018

In thousand of Reais, except where otherwise indicated

6.1.1 Breakdown of investments by type and maturity date

	Parent Company				Total
	September 30, 2018				
	No maturity date	1 to 180 days	181 to 365 days	Above 365 days	
Fair value through profit or loss					
Fixed income securities - Public					
Financial Treasury Bills		7,016		950,134	957,150
Repo transactions		301,643			301,643
Fixed income securities - Private					
Debentures	13,649				13,649
Units in exclusive investment funds	92,189				92,189
Real estate funds	28,051				28,051
Units in non-exclusive investments funds	24,380				24,380
Variable income securities	28,850				28,850
Investments abroad					
Fixed income securities - Public	53,355				53,355
Fixed income securities - Private					
Units in non-exclusive investments funds	72,826				72,826
Fixed term deposits abroad		768,704			768,704
	313,300	1,077,363	-	950,134	2,340,797
Available for sale					
Fixed income securities - Public					
Financial Treasury Bills		27,012		2,263,602	2,290,614
National Treasury Notes				662,588	662,588
Repo transactions		48,717			48,717
Fixed income securities - Private					
Real estate funds				28,595	28,595
Debentures		4,931	7,203	40,427	52,561
Bank deposit certificates					-
Financial Bills		27,161		25,506	52,667
Trade Bills				1,071	1,071
Investments abroad					
Fixed income securities - Public				192,393	192,393
Fixed income securities - Private					
Units in non-exclusive investments funds					
American Deposits Receipt	6,283				6,283
Fixed income securities (HSBC)	-	3,750	7,177	22,553	33,480
U.S. Treasury Securities Obligations of U.S.	-	1,675	1,349	4,343	7,367
Obligation of U.S. Government Corporations and Agencies	-	-	306	1,797	2,103
Short-Term Investments	1,799	-	-	-	1,799
Sec Issued by States & Terr.	-	-	339	715	1,054
Corporate Securities		563	640	4,192	5,395
	8,082	113,809	17,014	3,247,782	3,386,687
Total					5,727,484

Notes to the Quarterly Information - ITR
as at September 30, 2018

In thousand of Reais, except where otherwise indicated

6.1.1 Breakdown of investments by type and maturity date

	Consolidated				
	December 31, 2017				
	No maturity date	1 to 180 days	181 to 365 days	Above 365 days	Total
Fair value through profit or loss					
Fixed income securities - Public					
Financial Treasury Bills	-	6,768	-	260	7,028
Repo transactions	-	313,133	-	-	313,133
Fixed income securities - Private					
Debentures	13,107	-	-	-	13,107
Fixed term deposits	46,500	-	-	-	46,500
Units in exclusive investment funds	77,029	-	-	-	77,029
Units in non-exclusive investments funds	94,520	-	-	-	94,520
Variable income securities	35,813				35,813
Investments abroad					
Units in non-exclusive investments funds	96,211	-	-	-	96,211
Fixed term deposits abroad	-	277,223	-	-	277,223
Other investments abroad	233,500	-	-	-	233,500
	596,680	597,124	-	260	1,194,064
Available for sale					
Fixed income securities - Public					
Financial Treasury Bills	-	9,343	56,103	2,212,677	2,278,123
National Treasury Notes	-	16,227	19,254	1,541,391	1,576,872
Repo transactions	-	-	-	48,956	48,956
Fixed income securities - Private					
Non-exclusise real estate funds	-	-	-	48,004	48,004
Debentures	-	1,664	607	18,292	20,563
Financial Bills	-	-	-	219,820	219,820
Trade Bills	-	-	-	1,019	1,019
Investments abroad					
Fixed income securities - Public	-	742	-	93,248	93,990
Fixed income securities - Private					
American Deposits Receipt	4,425	-	-	-	4,425
Fixed income securities (HSBC)	-	2,007	2,486	24,854	29,347
U.S. Treasury Securities Obligations of U.S.	-	1,059	741	4,966	6,766
Obligation of U.S. Government Corporations and Agencies	-	-	-	1,432	1,432
Non-U.S. Government	-	-	134	885	1,019
Sec Issued by States & Terr.	-	-	219	-	219
Corporate Securities	-	-	267	4,161	4,428
Short-term Investments	1,282	-	-	-	1,282
	5,707	31,042	79,811	4,219,705	4,336,265
Held to maturity					
Financial Bills	-	285,733	-	-	285,733
	-	285,733	-	-	285,733
Total					5,816,062

Notes to the Quarterly Information - ITR as at September 30, 2018

In thousand of Reais, except where otherwise indicated

6.2 Changes in financial investments

	Parent Company			
	Fair value through profit or loss	Available for sale	Held to maturity	Total
Balance as of December 31, 2016	653,503	4,854,044	263,551	5,771,098
Investments	3,241,822	1,411,516	-	4,653,338
Earnings - redemption	(23,768)	(402,140)	-	(425,908)
Principal - redemption	(2,864,049)	(2,048,652)	(5,118)	(4,917,819)
Financial income	89,426	425,534	27,467	542,427
Adjustment to fair value	-	34,817	-	34,817
Foreign exchange variation	3,177	(2,005)	(167)	1,005
Balance as of December 31, 2017	1,100,111	4,273,114	285,733	5,658,958

	Fair value through profit or loss	Available for sale	Held to maturity	Total
Balance as of December 31, 2017	1,100,111	4,273,114	285,733	5,658,958
Investments	8,010,642	2,205,670	-	10,216,312
Earnings - redemption	(316,158)	(144,283)	(88,770)	(549,211)
Principal - redemption	(6,566,854)	(3,151,565)	(199,670)	(9,918,089)
Financial income	48,846	198,588	2,707	250,141
Adjustment to fair value	-	(64,222)	-	(64,222)
Foreign exchange variation	19,798	23,077	-	42,874
Others	20,232	-	-	20,233
Balance as of September 30, 2018	2,316,617	3,340,379	-	5,656,996

	Consolidated			
	Fair value through profit or loss	Available for sale	Held to maturity	Total
Balance as of December 31, 2016	673,464	4,659,626	263,551	5,596,641
Investments	3,670,561	1,637,234	-	5,307,795
Earnings - redemption	(23,768)	(402,140)	-	(425,908)
Principal - redemption	(3,218,796)	(2,053,536)	(5,118)	(5,277,450)
Financial income	89,426	462,269	27,467	579,162
Adjustment to fair value	-	34,817	-	34,817
Foreign exchange variation	3,177	(2,005)	(167)	1,005
Balance as of December 31, 2017	1,194,064	4,336,265	285,733	5,816,062

	Fair value through profit or loss	Available for sale	Held to maturity	Total
Balance as of December 31, 2017	1,194,064	4,336,265	285,733	5,816,062
Investments	8,262,567	2,210,273	-	10,472,840
Earnings - redemption	(316,158)	(144,283)	(88,770)	(549,211)
Principal - redemption	(6,889,261)	(3,156,487)	(199,670)	(10,245,418)
Financial income	208,692	43,159	2,707	254,559
Adjustment to fair value	-	(64,222)	-	(64,222)
Foreign exchange variation	19,798	23,077	-	42,874
Others	-	-	-	-
Balance as of September 30, 2018	2,479,702	3,247,782	-	5,727,484

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7 Credits for reinsurance and retrocession operations

Accounts for reinsurance and retrocession credits mainly consist of balances receivable from operations of Brazilian and foreign insurers and reinsurers, plus premiums receivable, commissions, claim indemnities receivable and credits arising from past transactions by London branch, as follows:

7.1 Breakdown

	Parent Company		Consolidated	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Current				
Transactions with insurers (7.2.1)	3,387,962	2,263,360	3,387,962	2,263,360
Transactions with reinsurers (7.2.2)	1,256,125	949,586	1,256,125	949,586
Other operating credits	66,774	65,161	66,791	65,175
Provision for doubtful debts	(54,388)	(58,109)	(54,388)	(58,109)
	4,656,473	3,219,998	4,656,490	3,220,012
Non-current				
Transactions with insurers (7.2.1)	29,754	29,754	29,754	29,754
Provision for doubtful debts	(29,754)	(29,754)	(29,754)	(29,754)
	-	-	-	-
Total	4,656,473	3,219,998	4,656,490	3,220,012

7.2 Variation

7.2.1 Transactions with insurance companies

	Parent Company and Consolidated				
	Actual Premium	Estimated Premium	RVNE Premium	Claim	Total
Balance as of December 31, 2016	992,605	427,444	305,437	134,280	1,859,766
Premiums receivable	852,659	768,416	163,994	-	1,785,069
Payments received	(787,298)	(573,425)	(119,172)	-	(1,479,895)
Salvages, reimbursements and advances for settlement of claims	-	-	-	92,113	92,113
Exchange rate variation	23,663	8,284	2,481	1,633	36,061
Balance as of December 31, 2017	1,081,629	630,719	352,740	228,026	2,293,114
Current					2,263,360
Non-current					29,754
Total					2,293,114

	Parent Company and Consolidated				
	Actual Premium	Estimated Premium	RVNE Premium	Claim	Total
Balance as of December 31, 2017	1,081,629	630,719	352,740	228,026	2,293,114
Premiums receivable	2,878,071	917,590	69,006	-	3,864,667
Payments received	(2,631,462)	(355,947)	(4,173)	-	(2,991,582)
Salvages, reimbursements and advances for settlement of claims	-	-	-	106,892	106,892
Exchange rate variation	37,033	55,379	44,569	7,644	144,625
Balance as of September 30, 2018	1,365,271	1,247,741	462,142	342,562	3,417,716
Current					3,387,962
Non-current					29,754
Total					3,417,716

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7.2.2 Transactions with reinsurers

	Parent Company and Consolidated			
	Premium	Claims	Others	Total
Balance as of December 31, 2016	294,121	167,532	4,041	465,694
Premiums receivable	708,978	-	-	708,978
Payments received	(230,651)	-	-	(230,651)
Recovery of claims	-	(29,481)	-	(29,481)
Exchange rate variation	32,082	266	(42)	32,306
Other credits	-	-	2,740	2,740
Balance as of December 31, 2017	804,530	138,317	6,739	949,586
	Premium	Claims	Others	Total
Balance as of December 31, 2017	804,530	138,317	6,739	949,586
Premiums receivable	1,200,747	-	-	1,200,747
Payments received	(981,028)	-	-	(981,028)
Recovery of claims	-	(52,699)	-	(52,699)
Exchange rate variation	129,406	-	586	129,992
Other credits	-	-	9,527	9,527
Balance as of September 30, 2018	1,153,655	85,618	16,852	1,256,125

7.3 Aging of credits for reinsurance and retrocession operations

An analysis of maturities of credits for reinsurance and retrocession operations is shown below:

Aging	Parent Company			
	Transactions credit	Transactions debit	PDD	Total
September 30, 2018				
Falling due	3,620,775	(950,583)	(22,143)	2,692,335
Overdue up to 30 days	351,203	(144,467)	(6,202)	212,938
Overdue from 31 to 60 days	135,623	(23,598)	(3,841)	115,866
Overdue from 61 to 120 days	307,042	(38,130)	(2,510)	271,422
Overdue from 121 to 180 days	53,195	(52,935)	(388)	648
Overdue from 181 to 365 days	83,156	(16,629)	(2,573)	69,100
Overdue for more than 365 days	189,621	(145,636)	(46,485)	(77,814)
Total	4,740,615	(1,371,978)	(84,142)	3,284,495
	Transactions credit	Transactions debit	PDD	Total
Consolidated				
September 30, 2018				
Falling due	3,620,775	(950,583)	(22,143)	2,692,335
Overdue up to 30 days	351,203	(144,467)	(6,202)	212,938
Overdue from 31 to 60 days	135,623	(23,598)	(3,841)	115,866
Overdue from 61 to 120 days	307,042	(38,130)	(2,510)	271,422
Overdue from 121 to 180 days	53,195	(52,935)	(388)	648
Overdue from 181 to 365 days	83,156	(16,629)	(2,573)	69,100
Overdue for more than 365 days	189,638	(145,963)	(46,485)	(78,124)
Total	4,740,632	(1,372,305)	(84,142)	3,284,185

A provision of R\$84,142 has been set up to cover doubtful debts in accounts payable and receivable, overdue and not yet maturing, for a total of R\$3,368,637 in the parent company and R\$3,368,327 in the consolidated accounts, taking into account past default by clients. The provision is calculated according to the Company's own methodology, based on segregating business partners between Brazilian operators, foreign operators and related parties, rating classifications based on past default, clients with liabilities not settled and special treatment for clients in negotiations.

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8 Retrocession assets – technical provisions

8.1 Claims – retrocession (breakdown)

Outstanding claims and claims incurred but not reported, as shown below:

	Parent Company			
	September 30, 2018			
	Unsettled claims	Unsettled claims under judicial dispute	Claims incurred but not reported	Total
Aerospace	345,153	11,007	108,330	464,490
Motor	3,112	36	1,273	4,421
Housing	46	-	11	57
Maritime	29,940	1,500	4,580	36,020
Nuclear	34	-	-	34
Property	797,525	74,098	178,523	1,050,146
People	17,539	1,462	11,185	30,186
Oil	71,711	305	2,839	74,855
Liabilites	199,767	25,783	21,601	247,151
Financial risks	80,720	5,319	38,730	124,769
Rural	20,535	4,094	12,618	37,247
Transport	201,668	375	24,679	226,722
Acceptances from abroad	44,806	-	14,038	58,844
Offshore branches	9,238	-	1,179	10,417
Total	1,821,794	123,979	419,586	2,365,359

	Parent Company			
	December 31, 2017			
	Unsettled claims	Unsettled claims under judicial dispute	Claims incurred but not reported	Total
Aerospace	326,728	8,228	179,557	514,513
Motor	2,357	37	646	3,040
Housing	145	-	45	190
Maritime	23,252	1,796	5,080	30,128
Property	796,084	63,877	218,535	1,078,496
People	21,869	1,387	13,044	36,300
Oil	53,261	237	10,539	64,037
Liabilites	210,750	30,398	21,599	262,747
Financial risks	77,138	4,790	59,556	141,484
Rural	40,281	4,193	9,602	54,076
Transport	168,611	1,084	4,739	174,434
Acceptances from abroad	38,196	-	15,687	53,883
Offshore branches	9,443	-	902	10,345
Total	1,768,115	116,027	539,531	2,423,673

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8.1 Claims – retrocession (breakdown)

	Consolidated			
	September 30, 2018			
	Unsettled claims	Unsettled claims under judicial dispute	Claims incurred but not reported	Total
Aerospace	345,153	11,007	108,330	464,490
Motor	3,112	36	1,273	4,421
Housing	46	-	11	57
Maritime	29,940	1,500	4,580	36,020
Nuclear	34	-	-	34
Property	797,525	74,098	178,523	1,050,146
People	17,539	1,462	11,185	30,186
Oil	71,711	305	2,839	74,855
Liabilites	199,767	25,783	21,601	247,151
Financial risks	80,720	5,319	38,730	124,769
Rural	20,535	4,094	12,618	37,247
Transport	201,668	375	24,679	226,722
Acceptances from abroad	44,812	-	14,038	58,850
Offshore branches	9,872	-	545	10,417
Total	1,822,434	123,979	418,952	2,365,365

	Consolidated			
	December 31, 2017			
	Unsettled claims	Unsettled claims under judicial dispute	Claims incurred but not reported	Total
Aerospace	326,728	8,228	179,557	514,513
Motor	2,357	37	646	3,040
Housing	145	-	45	190
Maritime	23,252	1,796	5,080	30,128
Property	796,084	63,877	218,535	1,078,496
People	21,869	1,387	13,044	36,300
Oil	53,261	237	10,539	64,037
Liabilites	210,750	30,398	21,599	262,747
Financial risks	77,138	4,790	59,556	141,484
Rural	40,281	4,193	9,602	54,076
Transport	168,611	1,084	4,739	174,434
Acceptances from abroad	38,196	-	15,687	53,883
Offshore branches	38,701	-	527	39,228
Total	1,797,373	116,027	539,156	2,452,556

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8.1.1 Variation

	Parent Company		
	Unsettled claims	Claims incurred but not reported	Total
Balance as of December 31, 2016	2,292,696	724,582	3,017,278
Settlement of claims	(3,895,258)	(273,372)	(4,168,630)
Recording of provisions for claims	3,486,704	88,321	3,575,025
Balance as of December 31, 2017	1,884,142	539,531	2,423,673

	Unsettled claims	Claims incurred but not reported	Total
Balance as of December 31, 2017	1,884,142	539,531	2,423,673
Settlement of claims	(689,178)	(189,473)	(878,651)
Recording of provisions for claims	750,809	69,528	820,337
Balance as of September 30, 2018	1,945,773	419,586	2,365,359

	Consolidated		
	Unsettled claims	Claims incurred but not reported	Total
Balance as of December 31, 2016	2,322,398	724,582	3,046,980
Settlement of claims	(3,866,000)	(273,372)	(4,139,372)
Recording of provisions for claims	3,457,002	87,946	3,544,948
Balance as of December 31, 2017	1,913,400	539,156	2,452,556

	Unsettled claims	Claims incurred but not reported	Total
Balance as of December 31, 2017	1,913,400	539,156	2,452,556
Settlement of claims	(718,055)	(189,473)	(907,528)
Recording of provisions for claims	750,809	69,528	820,337
Balance as of September 30, 2018	1,946,154	419,211	2,365,365

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8.2 Deferred retrocession premiums

Parent Company and Consolidated							
September 30, 2018							
	Provision for unearned premiums			Deferred reinsurance commission			Total
	Actual	Estimated	RVNE	Actual	Estimated	RVNE	
Aerospace	20,798	5,659	771	(161)	(50)	(35)	26,982
Motor	1,130	2,264	-	(20)	(29)	-	3,345
Maritime	22,941	4,349	1,950	(1,308)	(237)	(72)	27,623
Nuclear	1,039	-	1,530	(78)	-	(115)	2,376
Property	289,712	54,009	32,898	(11,317)	(6,016)	(1,647)	357,639
People	11,578	3,303	1,129	(1,009)	(1,133)	(69)	13,799
Oil	245,559	8,509	23,335	(8,069)	(219)	(1,198)	267,917
Liabilities	53,730	25,958	1,983	(2,466)	(5,744)	(131)	73,330
Financial risks	1,028	-	2,218	(140)	-	(134)	2,972
Rural	3,586	1,234	971	(894)	(428)	(168)	4,301
Transport	16,325	18,440	12,057	(1,800)	(2,456)	(3,055)	39,511
Acceptances from abroad	35,510	508	2,165	(333)	(177)	(140)	37,533
Offshore branches	10,592	2,427	-	(409)	(75)	-	12,535
Total	713,528	126,660	81,007	(28,004)	(16,564)	(6,764)	869,863
Current							824,122
Non-current							45,741

Parent Company and Consolidated							
December 31, 2017							
	Provision for unearned premiums			Deferred reinsurance commission			Total
	Actual	Estimated	RVNE	Actual	Estimated	RVNE	
Aerospace	34,133	3,938	2,007	(115)	(16)	(50)	39,897
Motor	2,287	999	398	(80)	(35)	(17)	3,552
Housing	-	-	5	-	-	(1)	4
Maritime	14,240	7,178	1,360	(125)	(370)	(50)	22,233
Nuclear	11,427	-	1,319	(857)	-	(99)	11,790
Property	319,513	66,584	45,415	(12,058)	(3,257)	(2,460)	413,737
People	4,561	11,923	1,737	(676)	(475)	(232)	16,838
Oil	140,273	15,751	8,805	(4,609)	(394)	(625)	159,201
Liabilities	35,224	19,063	3,049	(1,760)	(3,022)	(317)	52,237
Financial risks	8,146	-	1,284	(68)	-	(277)	9,085
Rural	25,172	5,101	1,022	(2,553)	(1,804)	(215)	26,723
Transport	15,261	13,660	10,749	(449)	(1,521)	(2,069)	35,631
Acceptances from abroad	61,176	3,910	3,255	(1,116)	(869)	(207)	66,149
Offshore branches	114	3,235	-	(3)	(130)	-	3,216
Total	671,527	151,342	80,405	(24,469)	(11,893)	(6,619)	860,293
Current							810,820
Non-current							49,473

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8.2.1 Variation

	Parent Company and Consolidated						
	Provision for unearned premiums			Deferred reinsurance commission			Total
	Actual	Estimated	RVNE	Actual	Estimated	RVNE	
Balance as of December 31, 2016	520,801	110,060	89,898	(28,455)	(11,801)	(7,522)	672,981
Deferral based on risk	(395,795)	(124,779)	(39,838)	16,289	13,383	1,460	(529,280)
Incorporation	546,521	166,061	30,345	(12,303)	(13,475)	(557)	716,592
Balance as of December 31, 2017	671,527	151,342	80,405	(24,469)	(11,893)	(6,619)	860,293
	Actual	Estimated	RVNE	Actual	Estimated	RVNE	Total
Balance as of December 31, 2017	671,527	151,342	80,405	(24,469)	(11,893)	(6,619)	860,293
Deferral based on risk	(382,267)	(121,842)	(20,645)	12,027	8,803	936	(502,988)
Incorporation	424,268	97,160	21,247	(15,562)	(13,474)	(1,081)	512,558
Balance as of September 30, 2018	713,528	126,660	81,007	(28,004)	(16,564)	(6,764)	869,863

8.3 Other technical provisions

The provision for technical surpluses guarantees the amounts intended for the distribution of technical surpluses arising from contracts, and the provision for related costs covers claim-related expenses.

	Parent Company and Consolidated	
	September 30, 2018	December 31, 2017
	Aerospace	1,843
Motor	58	17
Maritime	3	-
Property	2,095	3,770
People	9	6
Liabilites	2,828	380
Financial risks	1,761	2,177
Rural	4	1
Transport	293	175
Total	8,894	11,561

9 Bills and credits receivable

	Parent Company		Consolidated	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Current				
Amounts receivable from shopping centers/ real esta	68,915	-	82,287	9,977
Amounts receivable from court agreements	-	3,939	-	3,939
Advances to suppliers	1,160	6,147	1,160	6,147
Advances to employees	2,478	442	2,478	442
Others	536	845	9,653	5,171
Total current	73,089	11,373	95,578	25,676
Non-current				
Amounts receivable from Caixa Econômica Federal	16,088	16,098	16,088	16,098
Amounts receivable from court agreements	8,258	7,878	8,258	7,878
Amounts receivable from Previrb	103,763	46,853	103,763	46,853
Amounts receivable from agreements	44,176	36,504	52,414	37,715
Total non-current	172,285	107,333	180,523	108,544
	245,374	118,706	276,101	134,220

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10 Tax and social security credits

10.1 Tax and social security credits

	Parent Company	
	September 30, 2018	December 31, 2017
Current		
Contributions and overpaid taxes recoverable (*)	-	114,844
Withholding income tax	74	59
Taxes to offset/ recoverable	5,104	5,426
	5,178	120,329
Non-current		
Contributions and overpaid taxes recoverable	108,798	57,868
Tax credits on temporary differences (**)	355,665	348,918
	464,463	406,786
	469,641	527,115

	Consolidated	
	September 30, 2018	December 31, 2017
Current		
Contributions and overpaid taxes recoverable (*)	-	114,844
Withholding income tax	1,233	3,732
Taxes to offset/ recoverable	5,104	5,426
	6,337	124,002
Non-current		
Contributions and overpaid taxes recoverable	108,725	57,868
Tax credits on temporary differences (**)	332,300	335,770
	441,025	393,638
	447,362	517,640

(*) Refer to overpayments of PIS (R\$65,360) arising from a case relating to a broadening of the tax base, which was finally decided on October 29, 2013, and an application for reimbursement entered on December 19, 2013. To determine and recognize these amounts, only credits for which no doubt or dispute exists on the composition of their calculation base were included. These credits have been used by the Company to settle monthly direct tax debits (PIS and COFINS). During the period a total of R\$51,804 was offset.

(**) Provisional Measure No. 675 of May 21, 2015 ("MP"), increased the rate for Social Contribution tax to 20% to take effect on September 1, 2015.

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10.1.1 Tax credits on temporary differences

Deferred income and social contribution taxes on temporary differences are made up as follows:

	Parent Company			
	September 30, 2018		December 31, 2017	
	IRPJ	CSLL	IRPJ	CSLL
Non-current				
Tax credits - temporary differences				
Labor provisions (a)	425,756	425,756	457,853	457,853
Provision for investment devaluation			140,763	140,763
Provision for profit sharing	8,610	8,610		
Provision for doubtful debts (b)	254,579	254,579	237,209	237,209
Provision for tax and social security contingencies (c)	173,917	173,917	161,017	161,017
Adjustment to market value - securities available for sale	103,831	103,831	39,609	39,609
Actuarial gains and losses - post-employment benefits	(36,199)	(36,199)	(36,880)	(36,880)
Provision for labor contingencies (c)	52,581	52,581	56,274	56,274
Adjustment to market value - investment	5,351	5,351	(41,882)	(41,882)
Update of tax/labor court deposits	(221,507)	(221,507)	(200,854)	(200,854)
Other provisions (*)	116,456	429	3,003	3,003
Calculation base	883,375	767,348	816,112	816,112
Nominal tax rate in force	25.0%	20.0%	25.0%	20.0%
Tax credits - temporary differences	220,844	134,821	204,028	144,890

	Consolidated			
	September 30, 2018		December 31, 2017	
	IRPJ	CSLL	IRPJ	CSLL
Non-current				
Tax credits - temporary differences				
Labor provisions (a)	425,756	425,756	457,853	457,853
Provision for investment devaluation			140,763	140,763
Provision for profit sharing	8,610	8,610		
Provision for doubtful debts (b)	254,579	254,579	237,209	237,209
Provision for tax and social security contingencies (c)	173,917	173,917	161,017	161,017
Adjustment to market value - securities available for sale	35,110	35,110	938	938
Actuarial gains and losses - post-employment benefits	(36,199)	(36,199)	(36,880)	(36,880)
Provision for labor contingencies (c)	52,581	52,581	56,274	56,274
Adjustment to market value - investment	5,351	5,351	(41,882)	(41,882)
Update of tax/labor court deposits	(221,507)	(221,507)	(200,854)	(200,854)
Other provisions (*)	116,456	429	3,003	3,003
Calculation base	814,654	698,627	777,441	777,441
Nominal tax rate in force	25.0%	20.0%	25.0%	20.0%
Tax credits - temporary differences	203,664	128,636	194,360	141,410

(*) Deferred taxes according article 38 of Normative Instruction 1,520 of 2014.

Deferred income and social contribution tax credits arising from temporary differences are calculated at the rates of 25% and 20%, respectively. For temporary differences to be realized on or after January 1, 2019, the Company has used a rate of 15% to calculate the deferred social contribution tax.

(a) The use of tax credits is based on an actuarial calculation of the realization of labor provisions and takes into account management's expectations of the realization of the asset.

(b) The realization of tax credits on the provision for doubtful debts is related to the administrative or judicial recovery of debts, or a resolution of management to write them off as a loss.

(c) The realization of tax credits on the provisions for labor, tax and social security contingencies depends on a definitive ruling and on the date when the litigation is settled.

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11 Deferred acquisition costs

	Parent Company and Consolidated							
	September 30, 2018				December 31, 2017			
	Actual	Estimated	RVNE	Total	Actual	Estimated	RVNE	Total
Aerospace	2,043	75	364	2,482	2,219	34	294	2,547
Motor	125	10	45	180	115	10	26	151
Housing	256	32	70	358	76	10	10	96
Maritime	2,640	2	896	3,538	1,445	1	317	1,763
Property	9,418	958	2,105	12,481	8,600	345	1,402	10,347
People	144	29	344	517	1,118	4	95	1,217
Oil	7,683	-	1,727	9,410	4,925	-	1,258	6,183
Liabilities	1,638	81	266	1,985	1,256	36	215	1,507
Financial risks	657	227	35	919	441	223	24	688
Rural	342	578	167	1,087	176	166	13	355
Transport	4,353	111	2,852	7,316	3,232	33	1,474	4,739
Acceptances from abroad	23,972	8,709	8,899	41,580	18,929	4,613	7,211	30,753
Offshore branches	1,815	271	-	2,086	1,538	54	-	1,592
Total	55,086	11,083	17,770	83,939	44,070	5,529	12,339	61,938

12 Investment properties

	Parent Company	
	Shopping Centers	Total
Gross cost of investment property		
Balance as of December 31, 2016	7,879	7,879
Balance as of December 31, 2017	7,879	7,879
Accumulated depreciation		
Balance as of December 31, 2016	(1,733)	(1,733)
Devaluation	(315)	(315)
Balance as of December 31, 2017	(2,048)	(2,048)
Net book balance	5,831	5,831
Gross cost of investment property		
Balance as of December 31, 2017	7,879	7,879
Balance as of September 30, 2018	7,879	7,879
Accumulated depreciation		
Balance as of December 31, 2017	(2,048)	(2,048)
Devaluation	(237)	(237)
Balance as of September 30, 2018	(2,285)	(2,285)
Net book balance	5,594	5,594

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In thousand of Reais, except where otherwise indicated

12 Investment properties

	Consolidated			
	Land	Buildings	Shopping Centers	Total
Gross cost of investment property				
Balance as of December 31, 2016	16,447	763	385,406	402,616
Acquisition	-	1,574	97,489	99,063
Disposal	-	-	(275)	(275)
Balance as of December 31, 2017	16,447	2,337	482,620	501,404
Accumulated depreciation				
Balance as of December 31, 2016	-	(763)	(17,192)	(17,955)
Devaluation	-	(1)	(6,732)	(6,733)
Disposal	-	-	275	275
Balance as of December 31, 2017	-	(764)	(23,649)	(24,413)
Net book balance	16,447	1,573	458,971	476,991
Gross cost of investment property				
Balance as of December 31, 2017	16,447	2,337	482,620	501,404
Acquisition	-	15,695	54,849	70,544
Balance as of September 30, 2018	16,447	18,032	537,469	571,948
Accumulated depreciation				
Balance as of December 31, 2017	-	(764)	(23,649)	(24,413)
Devaluation	-	(1)	(2,448)	(2,449)
Balance as of September 30, 2018	-	(765)	(26,097)	(26,862)
Net book balance	16,447	17,267	511,372	545,086

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In thousand of Reais, except where otherwise indicated

(a) Below is a breakdown of investments in shopping malls, with the percentage holdings of IRB Investimentos e Participações Imobiliárias S.A. and improvements completed during the period ended September 30, 2018:

	Percentage investment	Improvements made	
		September 30, 2018	December 31, 2017
		Improvements made	Improvements made
Park Shopping - Brasília	20.0%	14,407	14,148
Esplanada - Sorocaba	15.0%	19	63
Praia de Belas - Porto Alegre	20.0%	629	609
Minas Shopping - Belo Horizonte	19.0%	1,379	57
Shopping Barra - Salvador	20.0%	75	-
Book balance of improvements made in active shopping centers		16,509	14,877
Depreciation of improvements			
Park Shopping - Brasília		(3,646)	(3,430)
Net book balance of improvements made in active shopping centers		12,863	11,447

Investments in shopping malls, with a market value of R\$615,303 as at September 30, 2018, are recorded at cost, and the Company makes an annual calculation of the estimated cash flow from these investments, setting up provisions for losses when necessary.

Below we show the present value of minimum commercial leasing payments receivable by the Company in the following periods:

	September 30, 2018	December 31, 2017
Up to 1 year	42,526	43,715
From one to five years	148,551	152,005
Above five years	144,792	147,303
Total	335,869	343,023

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In thousand of Reais, except where otherwise indicated

13 Property and equipment

	Lands and buildings	Data Processing Equipment	Telecommunication equipment	Furniture, machines and fixtures	Other property, plant and equipment	Parent Company	
						Vehicles	Total
Gross profit of property, plant and equipment							
Balance as of December 31, 2016	21,882	47,995	3,540	9,365	15,578	115	98,475
Additions	-	8,951	46	68	30,437	-	39,502
Write-offs	-	33	-	(3,564)	-	-	(3,531)
Transfers	40,480	-	-	559	(41,039)	-	-
Balance as of December 31, 2017	62,362	56,979	3,586	6,428	4,976	115	134,446
Accumulated depreciation							
Balance as of December 31, 2016	(9,942)	(34,602)	(1,700)	(5,481)	(18)	(13)	(51,756)
Depreciation	(1,042)	(6,122)	(656)	(596)	(527)	(23)	(8,966)
Write-offs	-	1	-	3,585	-	-	3,586
Balance as of December 31, 2017	(10,984)	(40,723)	(2,356)	(2,492)	(545)	(36)	(57,136)
Accounting balances, net	51,378	16,256	1,230	3,936	4,431	79	77,310
Gross profit of property, plant and equipment							
Balance as of December 31, 2017	62,362	56,979	3,586	6,428	4,976	115	134,446
Additions	28	1,060	258	130	3,543	77	5,096
Write-offs	-	(103)	-	(91)	-	-	(194)
Balance as of September 30, 2018	62,390	57,936	3,844	6,467	8,519	192	139,348
Accumulated depreciation							
Balance as of December 31, 2017	(10,984)	(40,723)	(2,356)	(2,492)	(545)	(36)	(57,136)
Depreciation	(1,737)	(4,590)	(470)	(436)	(382)	(31)	(7,646)
Write-offs	-	103	-	-	-	-	103
Balance as of September 30, 2018	(12,721)	(45,210)	(2,826)	(2,928)	(927)	(67)	(64,679)
Accounting balances, net	49,669	12,726	1,018	3,539	7,592	125	74,669

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In thousand of Reais, except where otherwise indicated

13 Property and equipment

	Lands and buildings	Data Processing Equipment	Telecommunication equipment	Furniture, machines and fixtures	Other property, plant and equipment	Consolidated	
						Vehicles	Total
Gross profit of property, plant and equipment							
Balance as of December 31, 2016	21,882	47,995	3,540	9,365	15,578	115	98,475
Additions	-	8,953	46	70	30,510	-	39,579
Write-offs	-	31	-	(3,564)	-	-	(3,533)
Transfers	40,480	-	-	559	(41,039)	-	-
Balance as of December 31, 2017	62,362	56,979	3,586	6,430	5,049	115	134,521
Accumulated depreciation							
Balance as of December 31, 2016	(9,942)	(34,602)	(1,700)	(5,481)	(18)	(13)	(51,756)
Depreciation	(1,042)	(6,122)	(656)	(596)	(527)	(23)	(8,966)
Write-offs	-	1	-	3,585	-	-	3,586
Balance as of December 31, 2017	(10,984)	(40,723)	(2,356)	(2,492)	(545)	(36)	(57,136)
Accounting balances, net	51,378	16,256	1,230	3,938	4,504	79	77,385
Gross profit of property, plant and equipment							
Balance as of December 31, 2017	62,362	56,979	3,586	6,430	5,049	115	134,521
Additions	28	1,060	258	139	3,543	77	5,105
Write-offs	-	(103)	-	(91)	-	-	(194)
Balance as of September 30, 2018	62,390	57,936	3,844	6,478	8,592	192	139,432
Accumulated depreciation							
Balance as of December 31, 2017	(10,984)	(40,723)	(2,356)	(2,492)	(545)	(36)	(57,136)
Depreciation	(1,737)	(4,590)	(470)	(436)	(382)	(31)	(7,646)
Write-offs	-	103	-	-	-	-	103
Balance as of September 30, 2018	(12,721)	(45,210)	(2,826)	(2,928)	(927)	(67)	(64,679)
Accounting balances, net	49,669	12,726	1,018	3,550	7,665	125	74,753

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as at September 30, 2018

In thousand of Reais, except where otherwise indicated

14 Intangible assets

	Parent Company		
	Software development cost	Software under development	Total
Gross cost of intangible assets			
Balance as of December 31, 2016	127,977	2,073	130,050
Additions	13,039	2,699	15,738
Transfers	(1,428)	1,428	-
Balance as of December 31, 2017	139,588	6,200	145,788
Accumulated amortization			
Balance as of December 31, 2016	(67,774)	-	(67,774)
Amortization	(23,917)	-	(23,917)
Balance as of December 31, 2017	(91,691)	-	(91,691)
Net book balance	47,897	6,200	54,097
Gross cost of intangible assets			
Balance as of December 31, 2017	139,588	6,200	145,788
Additions	18,715	3,835	22,550
Transfers	5,085	(5,085)	-
Balance as of September 30, 2018	163,388	4,950	168,338
Accumulated amortization			
Balance as of December 31, 2017	(91,691)	-	(91,691)
Amortization	(28,034)	-	(28,034)
Balance as of September 30, 2018	(119,725)	-	(119,725)
Net book balance	43,663	4,950	48,613

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In thousand of Reais, except where otherwise indicated

14 Intangible assets

	Consolidated		
	Software development cost	Software under development	Total
Gross cost of intangible assets			
Balance as of December 31, 2016	127,977	2,073	130,050
Additions	13,039	2,900	15,939
Transfers	(1,428)	1,428	-
Balance as of December 31, 2017	139,588	6,401	145,989
Accumulated amortization			
Balance as of December 31, 2016	(67,774)	-	(67,774)
Amortization	(23,917)	-	(23,917)
Balance as of December 31, 2017	(91,691)	-	(91,691)
Net book balance	47,897	6,401	54,298
Gross cost of intangible assets			
Balance as of December 31, 2017	139,588	6,401	145,989
Additions	18,715	3,960	22,675
Transfers	5,085	(5,085)	-
Balance as of September 30, 2018	163,388	5,276	168,664
Accumulated amortization			
Balance as of December 31, 2017	(91,691)	-	(91,691)
Amortization	(28,034)	-	(28,034)
Balance as of September 30, 2018	(119,725)	-	(119,725)
Net book balance	43,663	5,276	48,939

15 Liabilities and provisions for post-employment benefits

15.1 Liabilities

	Parent Company		Consolidated	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Suppliers	5,823	6,396	36,478	14,479
Dividends	1,788	2,854	1,788	2,854
Interest on shareholders' equity	181,360	61,753	181,360	61,753
Profit sharing	-	23,137	-	23,137
Compensation of key management personnel	8,610	4,264	8,610	4,264
Others	1,645	1,465	2,159	2,943
Total	199,226	99,869	230,395	109,430
Current	190,616	97,478	221,271	106,531
Non-current	8,610	2,391	9,124	2,899

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Notes to the Quarterly Information - ITR as at September 30, 2018

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15.2 Provision for post-employment benefits

	Parent Company and Consolidated	
	September 30, 2018	December 31, 2017
Post-employment benefit - Retirement (i)	151,369	154,270
Post-employment benefit - Medical Plan (ii)	271,143	300,371
Post-employment benefit - Life insurance (iii)	1,791	1,556
Post-employment benefit - Funeral allowance (iv)	1,454	1,647
	425,757	457,844
Current	41,390	38,655
Non-current	384,367	419,189
	425,757	457,844

(i) Post-employment benefit – retirement pension

The Company pays for supplementary pension benefits and death benefits for staff hired up to December 31, 1968, improved pension benefits for staff who retired up to February 28, 1975, and improved pensions for the beneficiaries of staff deceased on or before February 28, 1975.

(ii) Post-employment benefit – medical and dental insurance

Self-managed medical insurance plans (out-patients), surgical plans (in-patients), obstetric and dental plans, in addition to reimbursements and pharmaceutical benefits for active staff, retired staff and pensioners and their dependents: for staff admitted on or before May 31, 2004. Dependents are spouses, children (up to 24 years old) and parents who earn less than one minimum salary. Only spouses and children (up to 24 years old) can be considered as dependents of staff admitted as from June 1, 2004. For staff admitted on or after October 14, 1996, IRB Brasil RE meets 50% of the cost of the plan, i.e. of the amounts for tables I and II (items 5.1.4 and 5.1.5 of section 1 of the Regulations of the PCAM (Medical Assistance Contribution Plan); the employees and beneficiaries pay the remaining 50%. For staff admitted on or before October 13, 1996, the contribution of the employee and dependents varies from 0.3% to 2% of the items that make up the reference base for salary. Contributions are deducted from salary monthly, varying according to the date of admission, the amount of base salary (%) and the age bracket (tables).

(iii) Post-employment benefit – life insurance

For staff admitted up to 1998, IRB Brasil RE pays 100% of the premium, and 50% for staff admitted from 1999 onwards. Participation by employees is optional. Staff who retire for time of contribution may remain in the plan, but must pay the full premium themselves. IRB pays the entire premium for staff who retire due to disability.

(iv) Post-employment benefit – funeral allowance

This benefit is available only to staff admitted in or before October 31, 1996. The allowance is limited to R\$1,344.87 for a simple funeral, R\$1,554.63 for cremation and R\$2,640.80 for a funeral with cremation.

16 Provisions for taxes and contributions

	Parent Company		Consolidated	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
IRPJ payable	2,335	25,713	4,916	28,690
CSLL payable	24,202	21,927	25,140	23,064
PIS/ COFINS payable	6,743	2,963	6,859	3,762
Total	33,280	50,603	36,915	55,516

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17 Debits for reinsurance and retrocession transactions

Accounts for reinsurance and retrocession debits mainly consist of balances payable for operations of Brazilian and foreign insurers and reinsurers, plus premiums payable, commissions, claim indemnities payable and debits arising from past transactions by London branch, as follows:

17.1 Breakdown

	Parent Company		Consolidated	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Current				
Transactions with insurers (17.2.1)	21,941	606	21,941	606
Transactions with reinsurers (17.2.1)	1,208,032	1,137,443	1,208,032	1,137,443
Reinsurance brokers, retrocession and other (17.2.2)	119,285	82,759	119,612	83,029
Other operating debits (17.2.2)	21,931	31,087	21,931	31,087
	1,371,189	1,251,895	1,371,516	1,252,165
Non-current				
Other operating debits	789	789	789	789
	1,371,978	1,252,684	1,372,305	1,252,954

17.2 Variation

17.2.1 Transactions with insurers and reinsurers

	Parent Company and Consolidated			
	Premiums	Claims	Others	Total
Balance as of December 31, 2016	743,944	39,335	17,905	801,184
Premiums, commissions and retrocession interest payable	905,540	-	-	905,540
Premiums, commissions and retrocession interest paid	(594,740)	-	-	(594,740)
Reinsurance claim payable	-	6,856	-	6,856
Reinsurance claim paid	-	(46)	-	(46)
Other payables	-	-	22,066	22,066
Other amounts paid	-	-	(14,258)	(14,258)
Exchange rate variation	11,914	(626)	159	11,447
Balance as of December 31, 2017	1,066,658	45,519	25,872	1,138,049
Balance as of December 31, 2017	1,066,658	45,519	25,872	1,138,049
Premiums, commissions and retrocession interest payable	1,400,054	-	-	1,400,054
Premiums, commissions and retrocession interest paid	(1,349,088)	-	-	(1,349,088)
Reinsurance claim payable	-	3,037	-	3,037
Reinsurance claim paid	-	(51,616)	-	(51,616)
Other payables	-	-	67,214	67,214
Other amounts paid	-	-	(44,819)	(44,819)
Exchange rate variation	63,386	3,089	667	67,142
Balance as of September 30, 2018	1,181,010	29	48,934	1,229,973

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17.2.2 Transactions with brokers and other debits

	Parent Company		
	Commissions	Other debits	Total
Balance as of December 31, 2016	49,117	30,555	79,672
Brokerage commission payable	48,891	-	48,891
Brokerage commission paid	(17,698)	-	(17,698)
Other debits payable	-	808	808
Exchange rate variation	2,449	513	2,962
Balance as of December 31, 2017	82,759	31,876	114,635

	Commissions	Other debits	Total
Balance as of December 31, 2017	82,759	31,876	114,635
Brokerage commission payable	114,202	-	114,202
Brokerage commission paid	(86,187)	-	(86,187)
Other debits paid	-	(5,976)	(5,976)
Exchange rate variation	8,511	(3,180)	5,331
Balance as of September 30, 2018	119,285	22,720	142,005

	Consolidated		
	Commissions	Other debits	Total
Balance as of December 31, 2016	49,117	30,555	79,672
Brokerage commission payable	48,891	-	48,891
Brokerage commission paid	(17,698)	-	(17,698)
Other debits payable	-	808	808
Exchange rate variation	2,719	513	3,232
Balance as of December 31, 2017	83,029	31,876	114,905

	Commissions	Other debits	Total
Balance as of December 31, 2017	83,029	31,876	114,905
Brokerage commission payable	114,259	-	114,259
Brokerage commission paid	(86,187)	-	(86,187)
Other debits paid	-	(5,976)	(5,976)
Exchange rate variation	8,511	(3,180)	5,331
Balance as of September 30, 2018	119,612	22,720	142,332

18 Third party deposits

Below we give a breakdown of the balance of the account, by age of deposit.

	Parent Company and Consolidated	
	September 30, 2018	December 31, 2017
Up to 30 days	130,427	47,424
From 31 to 60 days	43,786	94,002
From 61 to 120 days	24,685	14,520
From 121 to 80 days	47,418	2,574
From 181 to 365 days	15,259	8,246
	261,575	166,766

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19 Technical provisions

19.1 Provision for unearned premiums and acquisition costs

Parent Company and Consolidated							
September 30, 2018							
	Provision for unearned premiums			Deferred reinsurance commission			Total
	Actual	Estimated	RVNE	Actual	Estimated	RVNE	
Aerospace	28,675	10,489	4,627	(1,258)	(1,623)	(63)	40,847
Motor	4,320	3,359	637	(637)	(278)	(1)	7,400
Housing	4,568	7,715	1,222	(12)	(1,437)	-	12,056
Maritime	50,777	7,518	12,714	(966)	(745)	(326)	68,972
Nuclear	1,401	-	1,591	-	-	-	2,992
Property	495,963	143,519	76,835	(14,956)	(27,885)	(1,345)	672,131
People	14,962	7,157	9,038	(5)	(1,512)	-	29,640
Oil	278,562	8,957	30,535	(2,095)	(6)	(336)	315,617
Liabilities	70,519	31,203	4,288	(1,210)	(6,653)	(74)	98,073
Financial risks	198,524	46,186	5,402	(79,381)	(19,640)	(349)	150,742
Rural	66,543	361,834	11,814	(13,315)	(91,417)	(425)	335,034
Transport	63,722	35,667	40,362	(3,258)	(6,578)	(3,869)	126,046
Acceptances from abroad	276,129	427,062	81,499	(22,517)	(83,243)	(1,675)	677,255
Offshore branches	42,147	14,559	-	(5,763)	(4,335)	-	46,608
Current	1,596,812	1,105,225	280,564	(145,373)	(245,352)	(8,463)	2,583,413
Non-current							2,378,174
							205,239

Parent Company and Consolidated							
December 31, 2017							
	Provision for unearned premiums			Deferred reinsurance commission			Total
	Actual	Estimated	RVNE	Actual	Estimated	RVNE	
Aerospace	31,581	7,723	5,123	(1,201)	(1,219)	(292)	41,715
Motor	5,656	2,297	1,464	(736)	(390)	(290)	8,001
Housing	4,353	1,749	1,444	(164)	(259)	(259)	6,864
Maritime	30,394	9,572	6,397	(1,803)	(475)	(379)	43,706
Nuclear	11,893	-	1,384	-	-	-	13,277
Property	481,327	119,383	82,937	(19,150)	(16,263)	(3,386)	644,848
People	16,229	15,928	13,265	-	(4,651)	(2,616)	38,155
Oil	151,363	16,580	13,656	(2,130)	-	(258)	179,211
Liabilities	48,581	22,482	4,917	(2,217)	(3,925)	(285)	69,553
Financial risks	148,417	49,720	6,449	(58,297)	(21,199)	(2,085)	123,005
Rural	157,162	103,457	10,409	(37,620)	(24,793)	(2,454)	206,161
Transport	44,042	21,986	28,822	(2,689)	(3,445)	(2,865)	85,851
Acceptances from abroad	271,203	206,586	69,567	(32,379)	(41,323)	(2,411)	471,243
Offshore branches	22,500	20,503	-	(2,566)	(5,120)	-	35,317
Current	1,424,701	597,966	245,834	(160,952)	(123,062)	(17,580)	1,966,907
Non-current							1,836,237
							130,670

19.1.1 Variation

Parent Company and Consolidated							
	Provision for unearned premiums			Deferred reinsurance commission			
	Actual	Estimated	RVNE	Actual	Estimated	RVNE	
Balance as of December 31, 2016	1,325,957	453,976	220,386	(170,993)	(95,562)	(31,466)	
Deferral based on risk	(582,824)	(323,798)	(88,312)	115,912	61,263	14,906	
Incorporation	681,568	467,788	113,760	(105,871)	(88,763)	(1,020)	
Balance as of December 31, 2017	1,424,701	597,966	245,834	(160,952)	(123,062)	(17,580)	
	Provision for unearned premiums			Deferred reinsurance commission			
	Actual	Estimated	RVNE	Actual	Estimated	RVNE	
Balance as of December 31, 2017	1,424,701	597,966	245,834	(160,952)	(123,062)	(17,580)	
Deferral based on risk	(431,352)	(147,167)	(33,336)	66,474	23,827	11,842	
Incorporation	603,463	654,426	68,066	(50,895)	(146,117)	(2,725)	
Balance as of September 30, 2018	1,596,812	1,105,225	280,564	(145,373)	(245,352)	(8,463)	

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19.2 Provisions for unsettled claims and claims incurred but not reported

	September 30, 2018					
	Parent Company			Consolidated		
	Unsettled claims	Unsettled claims under judicial dispute	Claims incurred but not reported	Unsettled claims	Unsettled claims under judicial dispute	Claims incurred but not reported
	Reinsurance	Reinsurance	Reinsurance	Reinsurance	Reinsurance	Reinsurance
Aerospace	390,803	15,021	143,361	390,803	15,021	143,361
Motor	124,267	24,053	27,387	124,267	24,053	27,387
Housing	11,446	864	9,058	11,446	864	9,058
Maritime	120,880	2,625	24,233	120,880	2,625	24,233
Nuclear	2	-	-	2	-	-
Property	1,201,722	149,506	328,200	1,201,722	149,506	328,200
People	107,745	8,109	80,775	107,745	8,109	80,775
Oil	100,463	359	3,877	100,463	359	3,877
Liabilities	406,012	87,683	54,011	406,012	87,683	54,011
Financial risks	177,568	11,648	136,153	177,568	11,648	136,153
Rural	176,739	10,872	180,374	176,739	10,872	180,374
Transport	339,333	3,140	54,017	339,333	3,140	54,017
Acceptances from abroad	868,329	-	696,866	868,969	-	696,866
Offshore branches	46,010	-	11,955	46,010	-	11,955
Run-off (*)	80,912	-	111,420	80,912	-	111,420
	4,152,231	313,880	1,861,687	4,152,871	313,880	1,861,687

	December 31, 2017					
	Parent Company			Consolidated		
	Unsettled claims	Unsettled claims under judicial dispute	Claims incurred but not reported	Unsettled claims	Unsettled claims under judicial dispute	Claims incurred but not reported
	Reinsurance	Reinsurance	Reinsurance	Reinsurance	Reinsurance	Reinsurance
Aerospace	408,154	14,514	201,658	408,154	14,514	201,658
Motor	149,481	27,084	22,317	149,481	27,084	22,317
Housing	14,207	831	11,371	14,207	831	11,371
Maritime	109,859	-	21,666	109,859	-	21,666
Property	1,375,778	138,856	397,360	1,375,778	138,856	397,360
People	146,893	7,706	77,663	146,893	7,706	77,663
Oil	73,619	279	15,209	73,619	279	15,209
Liabilities	432,796	97,467	41,974	432,796	97,467	41,974
Financial risks	198,887	11,724	148,994	198,887	11,724	148,994
Rural	96,328	11,047	166,971	96,328	11,047	166,971
Transport	279,600	2,280	37,098	279,600	2,280	37,098
Acceptances from abroad	626,256	-	435,709	655,514	-	435,709
Offshore branches	47,680	-	14,543	47,680	-	14,543
Run-off (*)	71,968	-	94,947	71,968	-	94,947
	4,031,506	311,788	1,687,480	4,060,764	311,788	1,687,480

(*) Includes a reserve for the risk of environmental pollution, diseases and other damage caused by spillage of asbestos. These estimates are subject to a higher level of uncertainty than for other risks, because of the greater difficulty in foreseeing the occurrence and progress of this type of claim.

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19.2.1 Variation

	Parent Company		Consolidated	
	Unsettled claims	Claims incurred but not reported	Unsettled claims	Claims incurred but not reported
Balance as of December 31, 2016	4,982,898	1,547,368	4,982,898	1,577,065
Settlement of claims	(1,823,374)	(353,821)	(1,823,022)	(383,518)
Recording of provision claims	1,183,770	493,933	1,212,676	493,933
Balance as of December 31, 2017	4,343,294	1,687,480	4,372,552	1,687,480
	Unsettled claims	Claims incurred but not reported	Unsettled claims	Claims incurred but not reported
Balance as of December 31, 2017	4,343,294	1,687,480	4,372,552	1,687,480
Settlement of claims	(1,379,340)	(257,220)	(1,407,958)	(257,220)
Recording of provision claims	1,502,157	431,427	1,502,157	431,427
Balance as of September 30, 2018	4,466,111	1,861,687	4,466,751	1,861,687

19.2.2 Claims being challenged in court

As at September 30, 2018 and December 31, 2017, the balance of unsettled claims includes claims being challenged in court related mainly to whether they are covered under the terms of a contract, or differences between amounts claimed by the insured and the valuation of legal consultants, in-house lawyers or the technical area of the Reinsurer.

Below we show the percentages calculated actuarially, according to the probability of loss, and the corresponding provision set up:

Parent Company and Consolidated						
September 30, 2018						
Probability	Quantity	Total value of exposure	%	Unsettled Claim	Retrocession	Net
Probable	653	353,028	39%	137,681	(40,892)	96,789
Possible	547	434,808	36%	156,531	(68,430)	88,101
Remote	195	393,380	5%	19,669	(14,657)	5,012
	1,395	1,181,217		313,881	(123,979)	189,902

Parent Company and Consolidated						
December 31, 2017						
Probability	Quantity	Total value of exposure	%	Unsettled Claim	Retrocession	Net
Probable	671	355,898	42%	149,477	(45,673)	103,804
Possible	564	413,211	35%	144,624	(58,795)	85,829
Remote	201	353,740	5%	17,687	(11,559)	6,128
	1,436	1,122,849		311,788	(116,027)	195,761

These court claims are booked as liabilities under the heading of unsettled claims and amounts recoverable under retrocession are classified in the "retrocession assets – technical provisions" group, under the heading of claims - retrocession.

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19.2.2.1 Aging of court claims

Aging	Parent Company and Consolidated		
	September 30, 2018		
	Gross of retrocession	Retrocession	Net of retrocession
From 0 to 60 days	1,229	(573)	656
From 61 to 90 days	1,425	(390)	1,035
From 91 to 120 days	-	-	-
From 121 to 180 days	92	-	92
From 181 to 365 days	27,366	(14,274)	13,092
Above 365 days	283,769	(108,742)	175,027
	313,881	(123,979)	189,902

19.3 Other provisions

The provision for technical surpluses was set up in 2009 to guarantee the amounts intended for the distribution of technical surpluses arising from contracts and the provision for related costs covering claim expenses.

	Parent Company and Consolidated	
	September 30,	December 31,
	2018	2017
Aerospace	6,071	8,161
Motor	1,811	1,427
Housing	12,089	6,941
Maritime	400	218
Nuclear	124	11
Property	20,012	15,460
People	42,038	36,777
Oil	2	215
Liabilities	11,290	2,352
Financial Risks	35,830	28,894
Rural	117,057	40,641
Transport	3,584	5,982
Acceptances from abroad	29,000	30,257
	279,308	177,336

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20 Guarantee for technical provisions

Under CMN Resolution No. 4.444, of November 13, 2015, as amended by CMN Resolution 4.633 of February 22, 2018, the technical provisions of the Reinsurer are secured as follows:

	Parent Company		Consolidated	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Technical reinsurance provisions	9,190,519	8,175,017	9,191,159	8,204,275
(-) Technical provisions - Branches abroad	94,757	100,471	94,757	100,471
(-) Retrocession assets (*)	3,244,116	3,295,527	3,244,122	3,324,410
(+) Reducing asset- PPNG(*)	670,934	702,539	670,934	702,539
(-) Reducing asset - acquisition cost (*)	3,686	573	3,686	573
(-) Credits rights (*)	1,548,978	991,258	1,548,978	991,258
Amount to be secured	4,969,916	4,489,727	4,970,550	4,490,102
Assets available for guarantee:				
Units in exclusive investment funds	3,448,833	2,316,060	3,448,833	2,316,060
Shares in other companies	-	9,228	-	9,228
Financial Treasury Bills	950,115	2,164,602	950,115	2,164,602
Financial Bills	-	285,733	-	285,733
National Treasury Notes	64,498	65,362	64,498	65,362
Times deposits	763,122	219,634	763,122	219,634
Sovereign debt securities	192,393	93,989	192,393	93,989
Real estate funds	28,051	-	28,051	-
Debentures	1,791	1,249	1,791	1,249
Total assets	5,448,803	5,155,857	5,448,803	5,155,857

(*) To calculate the balance of technical provisions to be covered by these assets, subtract the asset balance of the group "Retrocession Assets – Technical Provisions (reducers)", relating to the portion of risk retroceded, from the liability balance of the group "Technical Provisions - Reinsurance and Retrocession".

21 Related parties

The principal transactions between the Reinsurer and related parties (shareholders) under normal market conditions are as follows:

	Parent Company and Consolidated					
	September 30, 2018		December 31, 2017		September 30, 2018	September 30, 2017
	Receivable	Payable	Receivable	Payable	Income	Income
With equity interest in the reinsurer						
Premiums	490,830	-	18,884	-	1,542,733	1,637,920
Retrocessions	-	247,550	-	120,822	(578,341)	(525,360)
Premiums retained					964,392	1,112,560
Change in technical provisions	-	-	-	-	(206,968)	(119,719)
Premiums earned					757,424	992,841
Indemnities and claims expenses	7,001	6,747	5,949	25,925	(369,857)	(590,254)
Commissions	-	22,916	-	5,337	(150,094)	(180,352)
Others	-	936	-	8,096	(1,307)	(6,370)
	497,831	278,149	24,833	160,180	236,166	215,865

These are reinsurance and retrocession transactions with insurance companies which are shareholders of the Reinsurer, and the balances are included in the groups "credits for reinsurance and retrocession transactions" and "debits for reinsurance and retrocession transactions" in the balance sheet and in the corresponding income statement accounts.

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21.1 Compensation of key Management personnel

Total compensation for officers and members of the Company's other boards and committees, as at September 30, 2018 and December 31, 2017, was as follows:

	Parent Company and Consolidated			
	Short-term benefits to management	Long-term benefits to management	Post-employment benefits	Total
Accounts payable				
December 31, 2017	1,873	2,391	-	4,264
September 30, 2018	-	8,610	-	8,610
Income				
September 30, 2017	6,890	-	246	7,136
September 30, 2018	18,827	-	-	18,827

22 Court and tax deposits, other lawsuits and tax obligations

	Parent Company and Consolidated		
	September 30, 2018		
	Court and tax deposits	Other debits	Tax liabilities
Tax	481,176	-	431,108
COFINS	8,304	-	-
PIS	4,263	-	-
Social contribution	454,046	-	431,108
Income tax	13,370	-	-
ISS	1,193	-	-
Social Security	121,008	-	-
INSS	119,828	-	-
FGTS	1,180	-	-
Labor and Civil	43,300	53,007	-
Labor Claims	32,001	52,578	-
Civil actions	11,299	429	-
Non-current	645,484	53,007	431,108

	Parent Company and Consolidated		
	December 31, 2017		
	Court and tax deposits	Other debits	Tax liabilities
Tax	466,992	-	418,208
COFINS	8,041	-	-
PIS	4,128	-	-
Social contribution	440,860	-	418,208
Income tax	12,822	-	-
ISS	1,141	-	-
Social Security	117,026	-	-
INSS	115,846	-	-
FGTS	1,180	-	-
Labor and Civil	44,218	59,274	-
Labor Claims	30,789	56,271	-
Civil actions	13,429	3,003	-
Non-current	628,236	59,274	418,208

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22.1 Civil, labor, tax and social security-related court cases

The Company is involved in the following court cases, separated according to their nature, the probability of loss, amounts at risk and amounts provisioned:

Parent Company and Consolidated				
September 30, 2018				
	Number	Value at risk	Balance of other debits (*)	Balance of tax obligations (*)
Tax				
Probable	1	431,108	-	431,108
Possible	17	277,871	-	-
Remote	1	200	-	-
	19	709,179	-	431,108
Social Security				
Possible	11	72,472	-	-
Remote	1	10,609	-	-
	12	83,081	-	-
Labor and Civil				
Probable	70	53,013	53,007	-
Possible	126	64,234	-	-
Remote	3	2,202	-	-
	199	119,449	53,007	431,108

(*) The sum of R\$431,108 (R\$418,208 as at December 31, 2017) is registered as accounts payable – tax obligations and the amount of R\$53,007 (R\$59,274 as at December 31, 2017) is registered as a contingent liability.

Parent Company and Consolidated				
December 31, 2017				
	Number	Value at risk	Balance of other debits	Balance of tax obligations
Tax				
Probable	1	418,208	-	418,208
Possible	16	272,434	-	-
Remote	1	200	-	-
	18	690,842	-	418,208
Social Security				
Possible	11	71,792	-	-
Remote	2	18,578	-	-
	13	90,370	-	-
Labor and Civil				
Probable	71	59,274	59,274	-
Possible	119	52,596	-	-
Remote	6	2,461	-	-
	196	114,331	59,274	-

The provisions shown as “tax liabilities” are legal obligations of the Company amounting to R\$431,108 (R\$418,208 in 2017) which are currently the subject of court cases, and so their settlement depends on court rulings which can still be appealed. For these legal obligations the Company provisions 100% of the amounts at risk, irrespective of the loss classification by the law firms handling the cases.

The amount of R\$278,071, which is the difference between the provision for legal liabilities and the total value of tax cases involving the Company, is not provisioned, in accordance with CPC 25 - Provisions, Contingent Liabilities and Contingent Assets. This technical pronouncement states that liabilities for losses classified as possible or remote are not provided for, since it is yet to be confirmed whether the entity has a liability or not, or because they cannot be estimated with sufficient accuracy to become an obligation.

Provisions shown as “other debits” are related to issues of interpretation and are included as contingent liabilities as required by CPC 25. Accordingly, the values at risk are only recognized for cases where the risk of loss is regarded as probable. For cases where a loss is possible, this pronouncement requires only that they should be disclosed in the notes to the accounts. Remote risks of loss do not need to be disclosed.

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22.2 Changes in provisions for legal proceedings

	Parent Company and Consolidated				
	December 31, 2016	Additions	Monetary adjustments	Write- offs	December 31, 2017
Tax	389,427	-	28,781	-	418,208
Social contribution (22.3.3)	389,427	-	28,781	-	418,208
Labor and civil	58,173	3,606	7,878	(10,383)	59,274
Labor claims (22.3.2)	51,442	3,606	7,165	(5,942)	56,271
Civil	2,290	-	713	-	3,003
Fees	4,441	-	-	(4,441)	-
Balance at the end of the period	447,600	3,606	36,659	(10,383)	477,482
	December 31, 2017	Additions	Monetary adjustments	Write- offs	December 31, 2018
Tax	418,208	-	12,900	-	431,108
Social contribution (22.3.3)	418,208	-	12,900	-	431,108
Labor and civil	59,274	5,838	3,510	(15,615)	53,007
Labor claims (22.3.2)	56,271	5,358	3,402	(12,453)	52,578
Civil	3,003	480	108	(3,162)	429
Balance at the end of the period	477,482	5,838	16,410	(15,615)	484,115

22.3 Tax proceedings

22.3.1 INSS and ISS

As a result of inspections undertaken by the National Institute of Social Security (INSS) and the Attorney's Office of the Municipality of Rio de Janeiro (ISS – Service Tax), assessments were issued and tax execution actions were filed in the years 1999 and 1989, respectively, based on alleged differences in the tax and social security classifications adopted by the Company.

The Company filed administrative appeals for the cancellation of these penalties. The adjusted total in question is R\$51,744 for assessments imposed by the INSS for the additional payment of 2.5% due by companies which are the equivalent of financial institutions.

In respect of these assessments, the Company was ordered on April 30, 2010, to pay into court the amounts under discussion at the time (R\$23,291), and subsequently, on May 28, 2010, the deposit was increased by the amount of legal charges (R\$4,666). The current adjusted value of court deposits for INSS issues is R\$51,744.

As to the progress of the case, we would mention that in March 2016 the Federal Supreme Court (STF) ruled on the leading case (RE No. 598.572/SP), relating to the constitutionality of Article 22, paragraph 1, of Law No. 8.212/91, which imposes the additional 2.5% of social security contributions on financial institutions and the other types of company listed in the Law.

It was unanimously held that the collection of the additional 2.5% in question is constitutional. However, the court ruled that this precedent should be subject to a time limit, and be applicable only to taxable events which occurred after Constitutional Amendment No. 20, of December 15, 1998, came into force; and that events prior to this would be analyzed under another appeal (RE No. 599.309/SP).

Accordingly, the STF ruled as follows: "The legal provision for differentiating between the rates for social security contributions on the payrolls of financial institutions and similar entities, after the enactment of Constitutional Amendment No. 20/1998, is constitutional".

Under Writ of Mandamus No. 99.0023782-0 referred to above, IRB Brasil RE questions the collection of the additional 2.5%, both before and after the enactment of EC No. 20/1998.

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This EC No. 20/1998 legitimized the use of different rates and calculation bases, depending on the type of business activity, by adding this provision to Article 195 of the Federal Constitution.

Thus, a time limit having been expressly defined by this ruling, it is argued that the ruling does not apply to the full amount covered by Writ of Mandamus No. 99.0023782-0, since the debits listed in NFLD No. 32.711.075-9 refer to a period (from January 1993 to September 1998) preceding the enactment of Constitutional Amendment No. 20/1998 (December 1998).

The proceedings were suspended until November 29, 2016, when the judgment in RE No. 598,572/SP (1st leading case) was passed, which declared the constitutionality of the additional charge of 2.5% in cases of collection of generating events occurring after EC No. 20/1998, hence the previous period will be analyzed by means of RE No. 599,309/SP. On June 09, 2017, after the writs were reactivated by virtue of the judgment of the paradigm case, the Company submitted a petition for dismissal of the case until the ruling on RE No. 599,309 / SP (2nd leading case), which deals with the additional of 2.5% in the periods prior to the effective date of EC No. 20/1998.

This request was approved by the vice-president of the Federal Regional Court (TRF) 2nd Region and the records were held until the final judgment of RE No. 599.309/SP (2nd leading case). However, on June 6, 2018, the Federal Supreme Court concluded the judgment of said Extraordinary Appeal (RE) No. 599,309, confirming the favorable outcome to the Union, in which the constitutionality of the additional contribution requirement of 2.5% over wages of financial institutions, established before EC No. 20/1998.

Nevertheless, the judgment of RE No. 599.309/SP (Leading Case), in the sense of the constitutionality of the additional contribution of 2.5% on the payroll established for financial and similar institutions, does not apply fully to the Company's case. In fact, this point only refers to the subsidiary defense thesis of the IRB Brasil RE. The main argument of the Company is the fact that the IRB Brasil RE, from September 1989 to September 1998, was not treated as a private insurance company, since at that time the Company was an Institute with its own legal personality and having as main functions regulate and supervise the Brazilian reinsurance market.

In this sense, the IRB Brasil RE Legal sector, together with the external law firm, understands that the probability of loss should remain "Possible", since the Writ of Mandamus No. 0023782-04.1999.4.02.5101 filed by the Company has as its thesis the main issue not analyzed and not addressed in the aforementioned Leading Case, namely that during the 9-year period the IRB Brasil RE could not be equated with private insurance companies and therefore would not be subject to the additional contribution of 2.5%.

In respect of the ISS Tax Execution action and taking into account the important conclusions of the expert report on the matter, issued in November 2012, which upheld the Company's arguments, the lawyers handling the case consider that the risk of loss is possible be lost.

The Company's legal advisors therefore classify both case above mentioned as possible losses.

22.3.2 Labor/civil cases

The Company is a party to labor claims filed by active, retired and dismissed employees. Among other claims of similar magnitude the plaintiffs are asking for uniform plans for salaries and positions, with the consequent payment of salary differences, and also claiming salary equivalence and readmission. The Company management, after analyzing each case individually, has set up provisions for those where a loss is considered probable and where the proceedings are at the stage of settlement and enforcement of judgment.

The Company's external advisors estimate the adjusted value of these proceedings, where losses are classified as probable, to be R\$52,583. Labor cases where a loss is possible amount to R\$45,185.

The 75th Labor Court of Rio de Janeiro is hearing a public civil action filed by the National Reinsurance Workers' Union – SINTRES and the National Federation of Insurance Professionals – FENESPIC against the Company, claiming the reinstatement of all the benefits and costing methods under the Company's previous health plan, operated by self-management, based on the argument that unilateral changes were allegedly introduced prejudicial to the Company's employees and pensioners. In addition to reinstating the original conditions, they are claiming moral damages to the employees concerned and the unions themselves. In 2014 the proceeding was stayed since attempts to reach an agreement had failed, and in November 2016 it was placed on the agenda again and a hearing scheduled for November 2017. At this hearing the National Federation of Insurance Professionals was excluded as a plaintiff, and the court ordered a letter to be sent to ANS requesting information as to whether or not the PCAM had been definitively canceled. After the documentation was gathered by the ANS, the parties were notified to manifest themselves, within 10 days. Subsequently, there was a notification to the Labor's Prosecution Officer for manifestation in the records, as costs legis. Currently, the said process is concluded with the Judge responsible for rendering a judgment of merit.

The Company's legal advisors estimate that a sum of R\$15,954 is at risk and regard a loss as possible.

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22.3.3 Social contribution on income

With the publication of Provisional Measure No. 413/2008, converted into Law No. 11.727 of June 23, 2008, the CSLL rate was increased from 9% to 15% for private insurance companies, financial institutions and similar entities, with effect from May 2008.

In June 2008, the Company filed a Writ of Mandamus questioning the constitutionality of this rate increase, provisioning the amounts in question and paying them into court. The adjusted amount of the court deposit for payment of the CSLL as at September 30, 2018, totaled R\$447,248 (Note 22).

Writ of Mandamus filed on October 30, 2015 (CSLL Rate increase from 15% to 20%):

On October 30, 2015, the Company filed another Writ of Mandamus questioning Provisional Measure No. 675, of May 21, 2015, converted into Law No. 13.169 of October 7, 2015, which amended the provisions of Article 3, section I, of Law No. 7.689, of December 15, 1988, and with effect from September 2015 increased the rate of Social Contribution on Net Income (CSLL) for private insurance companies, financial institutions and similar, from 15% to 20%. In November 2015, a ruling was handed down refusing the application for an injunction, arguing that the discussion about increases in the rate of CSLL for financial institutions and similar was not new, in view of the previous enactment of Provisional Measure No. 413/2008, subsequently converted into Law No. 11.727/2008, which was awaiting judgment by the STF (ADI No. 4101). A Motion for Clarification was filed against this ruling, on the basis that arguments presented in the complaint as to the unequivocal difference between the economic capacity of financial institutions and insurance companies had been omitted.

Nevertheless, the motion was rejected. In parallel, on June 15, 2016, a decision was published ruling the Interlocutory Appeal filed by the Company to be groundless, in view of the judgment. On July 1, 2016, the Company appealed. On February 14, 2017, the Company's appeal was rejected, and IRB Brasil RE filed again for a Motion for Clarification, which is pending judgment. In October of the same year, the Company's allegations on which the motion for clarification was based were rejected, and an extraordinary appeal was filed against the decision.

We should mention that the Company opted not to make any further court deposits for the amount in controversy as from September 2015 but has made a monthly payment to the government of the full amount of contribution payable (20%), i.e. both the undisputed portion (9%) and the disputed portion (11%).

Regarding the Writ of Mandamus No. 0134273-19.2015.4.02.5101, the 4th Panel of the Federal Regional Court (TRF) 2nd Region rendered judgments dismissing the appeal filed by the IRB Brasil RE, as well as not accepting the opposing appeals by the Company, thus, the decision that denied the security pleaded in the file. Currently, we are awaiting a decision on an extraordinary appeal against the above-mentioned agreement.

23 Labor provisions

	Parent Company and Consolidated	
	September 30, 2018	December 31, 2017
Provision for vacation pay	8,551	8,109
Provision for 13th salary	4,261	79
Provision for bonus leave and private pension	3	3
	12,815	8,191

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24 Shareholders' equity

24.1 Capital

On December 29, 2014, the 47th Extraordinary Shareholders' Meeting of IRB Brasil RE approved a share split in the ratio of three hundred (300) common shares for each existing common share, without altering the amount of capital stock, on terms approved by the Board of Directors at a meeting on October 24, 2014, after which the capital stock was represented by three hundred and twelve million (312,000,000) common shares and one (1) preferred share of a special class, belonging to the federal government.

As at September 30, 2018, the shareholding structure of IRB Brasil RE was as follows:

Shareholder	Common Shares	Interest % in stock outstanding
Ministry of Finance	36,458,237	11.7%
BB Seguros	47,520,213	15.3%
Bradesco Seguros	47,520,213	15.3%
Grupo Itaú (Itaú Seguros e Itaú Vida)	34,761,581	11.2%
FIP - Caixa Barcelona	22,951,248	7.4%
Fundo de Garantia de Operações de Crédito Educativo (Education Credit Fund)	27,656,408	8.9%
Others	93,547,500	30.2%
	310,415,400	100.0%

24.2 Treasury shares

The Company holds 1,584,600 shares in treasury, representing a total of R\$12,956.

24.3 Profit reserves

The legal reserve is set up from 5% of net income for the year, limited to 20% of capital stock, pursuant to Law No. 6.404 of December 15, 1976. The purpose of the legal reserve is to ensure the integrity of the capital stock, and it may only be used to absorb losses or increase capital.

Pursuant to Law 6.404/76 (the Corporate Law), Article 199, the balance of profit reserves, except those for contingencies, tax incentives and unrealized income, cannot exceed the amount of capital stock.

24.4 Equity valuation adjustment

Changes are as follows:

	Parent Company and Consolidated	
	September 30, 2018	September 30, 2017
Balance at the beginning of the half-year	(76,161)	(65,289)
Gains (losses) from the fair value of financial assets available for sale in the half-year	(64,222)	52,835
Non-realized gains (losses) from securities - Subsidiaries	(23,483)	7,639
Re-measurement of post-employment benefits obligations	30,394	(22,357)
Re-measurement of post-employment benefits obligations - Subsidiaries	(143)	12
Income and social contribution taxes on the variation in the assessment of financial assets available for sale at fair value	28,900	(23,776)
Income and social contribution taxes on the variation of re-measurement of post-employment benefits obligations	(12,218)	19,558
Foreign exchange differences from translation of assets in transactions abroad	3,872	(504)
Balance at the end of the half-year	(113,061)	(31,882)

Currency differences arising from the translation of the Company's offshore net assets from their functional currencies to the Company's presentation currency, are recognized in shareholders' equity and included in translation adjustments.

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24.5 Earnings per share - basic and diluted

As required by Technical Pronouncement CPC 41 – Earnings per Share, the follow tables show a reconciliation between net income for the period and the amounts used to calculate basic and diluted earnings per share.

Basic earnings per share are calculated by dividing net income for the period by the weighted average number of shares in circulation during the period. Basic earnings per share are calculated as follows:

	Quarter		Half-year	
	Parent Company and Consolidated		Parent Company and Consolidated	
	July 1 to September 30, 2018	July 1 to September 30, 2017	January 1 to September 30, 2018	January 1 to September 30, 2017
Numerator				
Net income for the period	304,525	221,533	845,863	675,913
Denominator (quantity of shares in units)	310,415,400	310,415,400	310,415,400	310,415,400
Weighted average of the quantity of common shares outstanding				
Earnings per share	0.98	0.71	2.72	2.18

The Reinsurer has not issued or granted equity instruments which should be taken into account in the calculation of diluted earnings per share, as defined in Technical Pronouncement CPC 41 - Earnings per Share. Accordingly, diluted earnings per share are the same as the basic earnings per share indicated above.

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25 Details of income accounts

As at September 30, 2018 and 2017, premiums earned, loss ratio and commissions paid for the main types of insurance were as follows:

25.1 Premiums earned – principal insurance groups

	Quarter					
	Parent Company and Consolidated					
	July 1 to September 30, 2018					
	Gross premium written	Reinsurance commission	Variation in technical provisions - Premium	Variation in technical provisions - Commission	Other technical provisions	Premiums earned
Aerospace	17,637	(1,816)	7,414	(769)	(536)	21,930
Motor	2,333	1,573	(28)	66	(3)	3,941
Housing	21,070	(1,938)	(3,315)	916	(124)	16,609
Maritime	23,560	(1,186)	4,827	(77)	(170)	26,954
Nuclear	166	-	4,218	-	126	4,510
Property	187,555	(14,908)	124,832	(434)	2,755	299,800
People	62,856	(6,272)	5,466	-	2,534	64,584
Oil	223,561	(170)	(52,942)	(759)	-	169,690
Liabilities	43,483	(3,632)	(10,910)	868	(31)	29,778
Financial Risks	113,072	(48,161)	(31,187)	13,832	21,996	69,552
Rural	421,080	(104,189)	(180,746)	44,293	(50,743)	129,695
Transport	62,047	(5,448)	(15,639)	380	859	42,199
Acceptances from abroad	725,356	(100,227)	(35,678)	4,070	4,862	598,383
Offshore branches	46,459	(9,279)	(11,395)	220	-	26,005
Total	1,950,235	(295,653)	(195,083)	62,606	(18,475)	1,503,630

	Half-year					
	Parent Company and Consolidated					
	January 1 to September 30, 2018					
	Gross premium written	Reinsurance commission	Variation in technical provisions - Premium	Variation in technical provisions - Commission	Other technical provisions	Premiums earned
Aerospace	61,107	(5,508)	9,104	(323)	(856)	63,524
Motor	10,802	899	1,101	(499)	161	12,464
Housing	46,517	(2,766)	(5,958)	767	(5,152)	33,408
Maritime	90,104	(1,188)	(17,235)	(866)	(144)	70,671
Nuclear	990	21	11,877	-	(112)	12,776
Property	917,123	(47,388)	(4,566)	4,610	(7,309)	862,470
People	202,761	(22,489)	14,678	(5,754)	(4,260)	184,936
Oil	513,589	(1,454)	(90,383)	(441)	226	421,537
Liabilities	120,442	(9,410)	(24,722)	1,455	(128)	87,637
Financial Risks	248,837	(98,852)	(44,871)	17,746	(5,052)	117,808
Rural	842,055	(215,671)	(169,134)	40,286	(76,397)	421,139
Transport	184,742	(21,909)	(38,492)	4,290	2,878	131,509
Acceptances from abroad	1,927,945	(248,326)	(115,809)	14,583	6,156	1,584,549
Offshore branches	113,271	(23,770)	(11,191)	2,287	-	80,597
Total	5,280,285	(697,811)	(485,601)	78,141	(89,989)	4,085,025

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25.1 Premiums earned – principal insurance groups

	Quarter					
	Parent Company and Consolidated					
	July 1 to September 30, 2017					
	Gross premium written	Reinsurance commission	Variation in technical provisions - Premium	Variation in technical provisions - Commission	Other technical provisions	Premiums earned
Aerospace	9,346	(922)	15,832	(1,036)	(174)	23,046
Motor	4,795	(904)	194	(10)	(11)	4,064
Housing	34,776	(4,876)	(1,337)	(89)	61	28,535
Maritime	11,295	(120)	8,509	(767)	(118)	18,799
Nuclear	-	-	3,210	-	1	3,211
Property	292,680	(23,177)	20,281	(3,447)	(3,607)	282,730
People	62,485	(9,283)	2,660	1,042	(2,642)	54,262
Oil	98,994	50	(23,621)	(993)	5	74,435
Liabilities	35,000	(3,185)	2,367	275	(6)	34,451
Financial Risks	50,027	(20,074)	1,445	958	(330)	32,026
Rural	401,018	(93,919)	(96,850)	22,479	(9,941)	222,787
Transport	71,860	(8,030)	(20,880)	2,572	(507)	45,015
Acceptances from abroad	557,602	(67,493)	(13,113)	6,025	(4,314)	478,707
Sucursais no exterior	43,599	(7,057)	(4,167)	(876)	20	31,519
Total	1,673,477	(238,990)	(105,470)	26,133	(21,563)	1,333,587

	Half-year					
	Parent Company and Consolidated					
	January 1 to September 30, 2017					
	Gross premium written	Reinsurance commission	Variation in technical provisions - Premium	Variation in technical provisions - Commission	Other technical provisions	Premiums earned
Aerospace	49,746	(2,851)	30,301	(1,589)	(458)	75,149
Motor	16,895	(2,974)	(970)	253	(118)	13,086
Housing	53,638	(6,935)	(242)	(798)	(540)	45,123
Maritime	58,503	(2,670)	7,196	52	(283)	62,798
Nuclear	(2)	-	9,663	-	3	9,664
Property	1,094,898	(64,174)	(129,806)	12,583	(8,309)	905,192
People	201,724	13,271	(2,449)	(32,150)	(11,669)	168,727
Oil	179,747	2,303	6,792	(4,080)	58	184,820
Liabilities	136,763	(10,075)	(31,796)	2,428	(19)	97,301
Financial Risks	151,466	(60,078)	15,623	(487)	(6,412)	100,112
Rural	886,275	(209,410)	(108,139)	25,104	(17,179)	576,651
Transport	171,781	(16,768)	(35,849)	6,314	(562)	124,916
Acceptances from abroad	1,436,853	(170,387)	(165,593)	3,987	(18,689)	1,086,171
Offshore branches	90,613	(17,105)	7,335	(1,970)	8	78,881
Total	4,528,900	(547,853)	(397,934)	9,647	(64,169)	3,528,591

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In thousand of Reais, except where otherwise indicated

25.2 Claims incurred - principal insurance groups

	Quarter			
	Parent Company and Consolidated			
	July 1 to September 30, 2018			
	Direct claims	Salvages and reimbursements	IBNR variation	Claims incurred
Aerospace	6,838	208	19,062	26,108
Motor	(6,612)	60	(1,314)	(7,866)
Housing	(3,191)	-	(1,639)	(4,830)
Maritime	(18,066)	-	1,556	(16,510)
Nuclear	-	-	-	-
Property	(175,093)	7,949	51,637	(115,507)
People	(33,766)	6	(645)	(34,405)
Oil	(15,929)	-	3,501	(12,428)
Liabilites	(38,745)	-	(11,215)	(49,960)
Financial risks	(6,677)	38	(4,649)	(11,288)
Rural	(53,995)	6	1,978	(52,011)
Transport	(22,182)	3,524	(20,810)	(39,468)
Acceptances from abroad	(353,795)	9,594	(187,257)	(531,458)
Offshore branches	(31,782)	15	-	(31,767)
Run-off	(372)	-	1,090	718
	(753,367)	21,400	(148,705)	(880,672)

	Half-year			
	Parent Company and Consolidated			
	January 1 to September 30, 2018			
	Direct claims	Salvages and reimbursements	IBNR variation	Claims incurred
Aerospace	6,573	717	83,029	90,319
Motor	(18,339)	68	(5,221)	(23,492)
Housing	(6,465)	-	2,313	(4,152)
Maritime	(34,697)	15	1,074	(33,608)
Nuclear	(2)	-	-	(2)
Property	(336,942)	172,859	85,791	(78,292)
People	(103,777)	6	(3,098)	(106,869)
Oil	(17,123)	-	13,444	(3,679)
Liabilites	(72,125)	381	(12,517)	(84,261)
Financial risks	(11,694)	2,920	11,700	2,926
Rural	(267,708)	1,761	(13,396)	(279,343)
Transport	(83,224)	27,168	(17,592)	(73,648)
Acceptances from abroad	(1,117,448)	11,655	(172,728)	(1,278,521)
Offshore branches	(69,590)	42	1,279	(68,269)
Run-off	649	-	3,311	3,960
	(2,131,912)	217,592	(22,611)	(1,936,931)

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25.2 Claims incurred - principal insurance groups

	Quarter			
	Parent Company and Consolidated			
	July 1 to September 30, 2017			
	Direct claims	Salvages and reimbursements	IBNR variation	Claims incurred
Aerospace	(14,537)	1,332	(6,648)	(19,853)
Motor	9,613	412	(14,333)	(4,308)
Housing	(4,549)	-	7,304	2,755
Maritime	(18,146)	13	(8,578)	(26,711)
Property	(179,908)	1,468	(14,567)	(193,007)
People	(48,143)	-	(5,740)	(53,883)
Oil	(573)	-	256	(317)
Liabilites	(16,569)	5	(2,123)	(18,687)
Financial risks	(48,947)	2,404	40,816	(5,727)
Rural	(59,407)	-	(24,235)	(83,642)
Transport	(6,533)	6,985	(1,912)	(1,460)
Acceptances from abroad	(206,125)	2,958	(173,849)	(377,016)
Offshore branches	(28,391)	-	(2,618)	(31,009)
Run-off	(4,627)	-	(3,691)	(8,318)
	(626,842)	15,577	(209,918)	(821,183)

	Half-year			
	Parent Company and Consolidated			
	January 1 to September 30, 2017			
	Direct claims	Salvages and reimbursements	IBNR variation	Claims incurred
Aerospace	(153,269)	2,205	97,193	(53,871)
Motor	(19,715)	461	(4,044)	(23,298)
Housing	(12,219)	-	9,144	(3,075)
Maritime	(79,677)	40	467	(79,170)
Property	(506,893)	23,428	48,352	(435,113)
People	(126,878)	-	(16,356)	(143,234)
Oil	(11,431)	-	1,688	(9,743)
Liabilites	(75,086)	17	33,284	(41,785)
Financial risks	(37,540)	7,909	67,636	38,005
Rural	(330,582)	931	(7,034)	(336,685)
Transport	(76,249)	26,391	7,272	(42,586)
Acceptances from abroad	(490,348)	6,550	(238,658)	(722,456)
Offshore branches	(71,987)	-	(3,302)	(75,289)
Run-off	(3,372)	-	(1,303)	(4,675)
	(1,995,246)	67,932	(5,661)	(1,932,975)

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25.3 Acquisition costs

	Quarter					
	Parent Company and Consolidated					
	July 1 to September 30, 2018			July 1 to September 30, 2017		
	Acquisition cost	Change in deferred acquisition cost	Total	Acquisition cost	Change in deferred acquisition cost	Total
Aerospace	(994)	(97)	(1,091)	(439)	(697)	(1,136)
Motor	(87)	31	(56)	(96)	1	(95)
Housing	(114)	(111)	(225)	(199)	(19)	(218)
Maritime	(1,126)	114	(1,012)	(373)	(436)	(809)
Property	(4,659)	643	(4,016)	(4,767)	479	(4,288)
People	(200)	(576)	(776)	(513)	(114)	(627)
Oil	(8,207)	551	(7,656)	(4,974)	756	(4,218)
Liabilites	(430)	(96)	(526)	(569)	(41)	(610)
Financial risks	(267)	(54)	(321)	(237)	(18)	(255)
Rural	(938)	457	(481)	(246)	71	(175)
Transport	(2,797)	860	(1,937)	(3,716)	1,935	(1,781)
Acceptances from abroad	(20,893)	(62)	(20,955)	(14,705)	291	(14,414)
Offshore branches	(2,429)	881	(1,548)		1,406	1,920
	(43,141)	2,541	(40,600)	(30,834)	3,614	(26,706)

	Half-year					
	Parent Company and Consolidated					
	January 1 to September 30, 2018			January 1 to September 30, 2017		
	Acquisition cost	Change in deferred acquisition cost	Total	Acquisition cost	Change in deferred acquisition cost	Total
Aerospace	(2,669)	(465)	(3,134)	(2,717)	(548)	(3,265)
Motor	(241)	30	(211)	(351)	18	(333)
Housing	(997)	262	(735)	(767)	140	(627)
Maritime	(4,323)	1,441	(2,882)	(2,850)	(415)	(3,265)
Property	(14,712)	1,904	(12,808)	(13,907)	(1,560)	(15,467)
People	(1,476)	(704)	(2,180)	(1,053)	(911)	(1,964)
Oil	(19,504)	1,774	(17,730)	(7,887)	(3,542)	(11,429)
Liabilites	(1,860)	328	(1,532)	(1,653)	(950)	(2,603)
Financial risks	(1,239)	229	(1,010)	(940)	48	(892)
Rural	(2,163)	729	(1,434)	(1,235)	7	(1,228)
Transport	(8,676)	2,183	(6,493)	(6,680)	943	(5,737)
Acceptances from abroad	(56,990)	4,096	(52,894)	(52,794)	9,532	(43,262)
Offshore branches	(4,097)	344	(3,753)	(5,003)	1,810	(3,193)
	(118,947)	12,151	(106,796)	(97,837)	4,572	(93,265)

25.4 Income from retrocession

	Quarter		Half-year	
	Parent Company and Consolidated		Parent Company and Consolidated	
	July 1 to September 30, 2018	July 1 to September 30, 2017	January 1 to September 30, 2018	January 1 to September 30, 2017
Revenue from retrocession	162,142	78,539	193,447	235,821
Recovery of claims incurred	177,934	96,811	353,576	472,478
IBNR recovery	(15,792)	(18,272)	(160,129)	(236,657)
Expenses from retrocession	(461,602)	(361,577)	(1,266,114)	(1,037,781)
Premiums ceded in retrocession	(403,106)	(331,385)	(1,264,678)	(1,261,146)
Comission on premiums ceded in retrocession	22,171	32,108	75,728	110,278
Variation in technical provisions - premium ceded	(84,313)	(66,111)	(72,315)	107,595
Variation in technical provisions - comission ceded	3,646	3,811	(4,849)	5,492
Salvages and reimbursements to retrocessionarie	(7,390)	(7,757)	(18,882)	(43,881)
Other retrocession income	9,602	3,180	13,380	7,991
Total retrocession income	(297,248)	(287,615)	(1,078,169)	(837,850)

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25.4.1 Expenses for retrocession

	Quarter		
	Parent Company and Consolidated		
	July 1 to September 30, 2018		
	Recovery of claims incurred	IBNR variation	Recovery of claims ceded
Aerospace	(12,042)	(16,387)	(27,766)
Motor	2,407	168	2,575
Housing	-	2	2
Maritime	5,252	(1,410)	3,842
Property	104,184	(19,260)	86,044
People	6,949	(458)	6,491
Oil	15,385	(2,042)	13,343
Liabilites	29,743	4,173	33,895
Financial risks	2,310	(1,910)	843
Rural	2,107	1,829	3,936
Transport	10,171	13,706	23,877
Acceptances from abroad	9,263	5,797	15,060
Offshore branches	2,206	-	-
Total	177,935	(15,792)	162,142

	Half-year		
	Parent Company and Consolidated		
	January 1 to September 30, 2018		
	Recovery of claims incurred	IBNR variation	Recovery of claims ceded
Aerospace	(21,875)	(90,360)	(111,572)
Motor	3,891	636	4,527
Housing	(98)	(34)	(132)
Maritime	14,460	(1,513)	12,947
Property	194,808	(55,997)	139,931
People	12,252	(1,862)	10,390
Oil	12,562	(9,135)	3,427
Liabilites	39,896	(165)	39,710
Financial risks	6,568	(20,951)	(13,940)
Rural	19,430	3,016	22,446
Transport	42,914	19,572	62,486
Acceptances from abroad	27,136	(3,447)	23,689
Offshore branches	1,633	111	(462)
Total	353,577	(160,129)	193,447

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25.4.1 Expenses for retrocession

	Quarter		
	Parent Company and Consolidated		
	July 1 to September 30, 2017		
	Recovery of claims incurred	IBNR variation	Recovery of claims ceded
Aerospace	(28,932)	2,089	(26,843)
Motor	(395)	269	(126)
Housing	(4)	(52)	(56)
Maritime	4,627	1,214	5,841
Property	60,092	2,120	62,212
People	5,209	752	5,961
Oil	6,682	(736)	5,946
Liabilites	3,336	710	4,046
Financial risks	3,613	(29,198)	(25,585)
Rural	27,645	2,237	29,882
Transport	4,654	(2,725)	1,929
Acceptances from abroad	9,744	5,301	15,045
Offshore branches	541	(254)	287
Total	96,812	(18,273)	78,539

	Half-year		
	Parent Company and Consolidated		
	1º de janeiro a 30 de setembro de 2017		
	Recovery of claims incurred	IBNR variation	Recovery of claims ceded
Aerospace	83,136	(109,392)	(26,256)
Motor	1,516	(79)	1,437
Housing	(8)	(183)	(191)
Maritime	14,270	306	14,576
Property	216,461	(56,933)	159,528
People	24,574	2,082	26,656
Oil	13,584	(1,310)	12,274
Liabilites	32,023	(16,090)	15,933
Financial risks	(22,295)	(50,576)	(72,871)
Rural	47,077	(555)	46,522
Transport	29,055	(4,834)	24,221
Acceptances from abroad	28,877	665	29,542
Offshore branches	4,208	242	4,450
Total	472,478	(236,657)	235,821

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25.4.2 Expenses for retrocession

	Quarter				
	Parent Company and Consolidated				
	July 1 to September 30, 2018				
	Premiums ceded in retrocession	Commission on premiums ceded in retrocession	Variation in technical provisions - Premium ceded	Variation in technical provisions - Commission ceded	Expenses for retrocession
Aerospace	(9,313)	388	(6,910)	(76)	(15,911)
Motor	(1,284)	13	(453)	25	(1,699)
Housing	-	-	-	-	-
Maritime	(9,000)	560	(7,221)	(264)	(15,925)
Nuclear	(194)	15	(4,144)	311	(4,012)
Property	(68,589)	2,791	(128,944)	4,093	(190,649)
People	(17,313)	4,035	2,303	(1,734)	(12,709)
Oil	(194,130)	4,832	56,382	675	(132,241)
Liabilities	(36,946)	3,910	11,867	(2,271)	(23,440)
Financial Risks	401	66	(3,780)	140	(3,173)
Rural	(274)	1,058	(7,307)	1,451	(5,072)
Transport	(16,483)	1,706	(2,715)	(7)	(17,499)
Acceptances from abroad	(42,381)	98	5,411	822	(36,050)
Offshore branches	(7,601)	2,700	1,194	485	(3,222)
Total	(403,107)	22,172	(84,317)	3,650	(461,602)

	Half-year				
	Parent Company and Consolidated				
	January 1 to September 30, 2018				
	Premiums ceded in retrocession	Commission on premiums ceded in retrocession	Variation in technical provisions - Premium ceded	Variation in technical provisions - Commission ceded	Expenses for retrocession
Aerospace	(20,803)	(551)	(18,558)	(33)	(39,945)
Motor	(5,371)	74	(291)	82	(5,506)
Housing	8	(2)	(5)	1	2
Maritime	(43,243)	2,138	2,355	(940)	(39,690)
Nuclear	(1,397)	105	(11,675)	876	(12,091)
Property	(471,497)	15,677	(78,333)	203	(533,950)
People	(29,389)	4,986	(2,690)	(821)	(27,914)
Oil	(433,011)	16,090	72,616	(2,336)	(346,641)
Liabilities	(93,955)	9,941	20,019	(3,124)	(67,119)
Financial Risks	(4,873)	534	(6,188)	71	(10,456)
Rural	(15,229)	5,372	(25,506)	3,083	(32,280)
Transport	(65,915)	12,491	4,138	(3,033)	(52,319)
Acceptances from abroad	(59,008)	2,184	(37,363)	1,781	(92,406)
Offshore branches	(20,994)	6,690	9,167	(662)	(5,799)
Total	(1,264,677)	75,729	(72,314)	(4,852)	(1,266,114)

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25.4.2 Expenses for retrocession

	Quarter				
	Parent Company and Consolidated				
	July 1 to September 30, 2017				
	Premiums ceded in retrocession	Commission on premiums ceded in retrocession	Variation in technical provisions - Premium ceded	Variation in technical provisions - Commission ceded	Despesas com retrocessões
Aerospace	(10,821)	126	(8,907)	162	(19,440)
Motor	(1,104)	39	(242)	14	(1,293)
Housing	(509)	138	-	-	(371)
Maritime	(7,052)	382	(540)	(111)	(7,321)
Nuclear	-	-	(3,020)	226	(2,794)
Property	(140,847)	8,834	(49,569)	1,033	(180,549)
People	(9,351)	2,629	1,561	(51)	(5,212)
Oil	(74,845)	2,620	17,154	82	(54,989)
Liabilities	(27,661)	3,566	(1,632)	535	(25,192)
Financial Risks	(691)	653	(4,674)	279	(4,433)
Rural	(12,070)	5,799	(7,748)	1,793	(12,226)
Transport	(26,050)	3,029	2,065	(552)	(21,508)
Acceptances from abroad	(18,502)	1,560	(10,436)	341	(27,037)
Offshore branches	(1,882)	2,732	(124)	62	788
Total	(331,385)	32,107	(66,112)	3,813	(361,577)

	Half-year				
	Parent Company and Consolidated				
	January 1 to September 30, 2017				
	Premiums ceded in retrocession	Commission on premiums ceded in retrocession	Variation in technical provisions - Premium ceded	Variation in technical provisions - Commission ceded	Expenses for retrocession
Aerospace	(33,675)	1,388	(21,663)	(34)	(53,984)
Motor	(4,233)	152	32	21	(4,028)
Housing	(509)	138	-	-	(371)
Maritime	(19,201)	519	(1,917)	212	(20,387)
Nuclear	-	-	(9,091)	682	(8,409)
Property	(664,561)	47,662	111,859	1,856	(503,184)
People	(40,211)	7,058	12,940	(512)	(20,725)
Oil	(160,895)	4,261	11,346	3,241	(142,047)
Liabilities	(113,697)	11,235	33,675	(1,035)	(69,822)
Financial Risks	(7,914)	2,227	(17,399)	1,245	(21,841)
Rural	(81,587)	18,096	1,295	(67)	(62,263)
Transport	(65,856)	8,757	11,949	(1,703)	(46,853)
Acceptances from abroad	(58,384)	3,245	(21,388)	726	(75,801)
Offshore branches	(10,422)	5,539	(4,044)	861	(8,066)
Total	(1,261,145)	110,277	107,594	5,493	(1,037,781)

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25.5 Other operating revenues and expenses

	Quarter			
	Parent Company		Consolidated	
	July 1 to September 30, 2018	July 1 to September 30, 2017	July 1 to September 30, 2018	July 1 to September 30, 2017
Share in operating income - reinsurance and retrocession	(11,662)	(13,572)	(11,662)	(13,572)
Reversal (recording) of provision for credit risks	3,327	16,048	3,327	16,048
Recovery of other reinsurance revenues	(26)	(1,341)	(26)	(1,341)
Risk inspection expenses	(515)	(1,289)	(515)	(1,289)
Other operating revenues and expenses	(4,408)	(438)	(4,408)	(43)
	(13,284)	(592)	(13,284)	(197)

	Half-year			
	Parent Company		Consolidated	
	January 1 to September 30, 2018	January 1 to September 30, 2017	January 1 to September 30, 2018	January 1 to September 30, 2017
Share in operating income - reinsurance and retrocession	(19,252)	(29,693)	(19,252)	(29,693)
Reversal (recording) of provision for credit risks	3,979	2,716	3,979	2,716
Recovery of other reinsurance revenues	434	(1,246)	434	(1,246)
Risk inspection expenses	(1,955)	(1,878)	(1,955)	(1,878)
Other operating revenues and expenses	(11,724)	(2,152)	(11,724)	(853)
	(28,518)	(32,253)	(28,518)	(30,954)

25.6 Administrative expenses

	Quarter				Half-year			
	Parent Company		Consolidated		Parent Company		Consolidated	
	July 1 to September 30, 2018	July 1 to September 30, 2017	July 1 to September 30, 2018	July 1 to September 30, 2017	January 1 to September 30, 2018	January 1 to September 30, 2017	January 1 to September 30, 2018	January 1 to September 30, 2017
Own personnel	(23,769)	(31,570)	(23,992)	(31,570)	(88,266)	(108,059)	(88,886)	(108,059)
Third-party services	(6,513)	(10,015)	(7,106)	(6,872)	(15,844)	(37,963)	(17,160)	(38,659)
Location and operation	(15,598)	(13,577)	(15,905)	(19,773)	(49,993)	(40,162)	(56,720)	(48,659)
Publicity and advertising	(3,042)	(2,951)	(3,042)	(2,951)	(5,130)	(7,226)	(5,130)	(7,226)
Legal expenses	(174)	(674)	(174)	(674)	(4,913)	(1,144)	(4,913)	(1,144)
Other expenses	(1,456)	(788)	(7,847)	(1,387)	(4,000)	(543)	(11,705)	(1,608)
	(50,552)	(59,575)	(58,066)	(63,227)	(168,146)	(195,097)	(184,514)	(205,355)

25.7 Tax expenses

	Quarter				Half-year			
	Parent Company		Consolidated		Parent Company		Consolidated	
	July 1 to September 30, 2018	July 1 to September 30, 2017	July 1 to September 30, 2018	July 1 to September 30, 2017	January 1 to September 30, 2018	January 1 to September 30, 2017	January 1 to September 30, 2018	January 1 to September 30, 2017
PIS/COFINS	(17,966) (*)	(22,018)	(18,468) (*)	(22,018)	(76,850) (*)	(35,934)	(78,337) (*)	(35,934)
Other taxes and fees	(10,788)	(13,898)	(11,024)	(12,384)	(21,759)	(21,126)	(22,680)	(21,126)
	(28,754)	(35,916)	(29,492)	(34,402)	(98,609)	(57,060)	(101,017)	(57,060)

(*) Includes PIS and COFINS on financial revenue.

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25.8 Financial result

	Quarter			
	Parent Company		Consolidated	
	July 1 to September 30, 2018	July 1 to September 30, 2017	July 1 to September 30, 2018	July 1 to September 30, 2017
Financial income from investment portfolio	164,015	191,020	172,850	184,439
Financial income other than from investment portfolio	(17,132)	(46,715)	(16,622)	(34,152)
	146,883	144,305	156,228	150,287

Financial Revenues	Quarter			
	Parent Company		Consolidated	
	July 1 to September 30, 2018	July 1 to September 30, 2017	July 1 to September 30, 2018	July 1 to September 30, 2017
Financial income from investment portfolio	322,702	476,932	332,658	488,633
Financial income other than from investment portfolio	76,848	62,607	76,200	41,267
	399,550	539,539	408,858	529,900

Financial Revenues	Quarter			
	Parent Company		Consolidated	
	July 1 to September 30, 2018	July 1 to September 30, 2017	July 1 to September 30, 2018	July 1 to September 30, 2017
Financial income from investment portfolio	(158,687)	(285,912)	(159,808)	(304,194)
Financial income other than from investment portfolio	(93,980)	(109,322)	(92,822)	(75,419)
	(252,667)	(395,234)	(252,630)	(379,613)

	Half-year			
	Parent Company		Consolidated	
	January 1 to September 30, 2018	January 1 to September 30, 2017	January 1 to September 30, 2018	January 1 to September 30, 2017
Financial income from investment portfolio	399,999	578,581	487,466	600,538
Financial income other than from investment portfolio	(135,846)	(83,496)	(128,089)	(79,002)
	264,153	495,085	359,377	521,536

Financial Revenues	Half-year			
	Parent Company		Consolidated	
	January 1 to September 30, 2018	January 1 to September 30, 2017	January 1 to September 30, 2018	January 1 to September 30, 2017
Financial income from investment portfolio	1,138,164	1,767,826	1,225,631	1,789,783
Financial income other than from investment portfolio	123,526	125,371	130,463	125,371
	1,261,690	1,893,197	1,356,094	1,915,154

Financial Revenues	Half-year			
	Parent Company		Consolidated	
	January 1 to September 30, 2018	January 1 to September 30, 2017	January 1 to September 30, 2018	January 1 to September 30, 2017
Financial income from investment portfolio	(738,165)	(1,189,245)	(738,165)	(1,189,245)
Financial income other than from investment portfolio	(259,372)	(208,867)	(258,552)	(204,373)
	(997,537)	(1,398,112)	(996,717)	(1,393,618)

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25.9 Equity result

	Quarter			
	Parent Company		Consolidated	
	July 1 to September 30, 2018	July 1 to September 30, 2017	July 1 to September 30, 2018	July 1 to September 30, 2017
Direct operating revenues (expenses) from investment properties	9,902	(78)	22,270	10,243
Equity pick-up	8,727	10,903	-	-
Provision for (reversal of) of investment impairment	5,360	(50)	5,388	(245)
Other equity revenues (expenses)	12	44	(16)	245
	24,001	10,819	27,642	10,243

	Half-year			
	Parent Company		Consolidated	
	January 1 to September 30, 2018	January 1 to September 30, 2017	January 1 to September 30, 2018	January 1 to September 30, 2017
Direct operating revenues (expenses) from investment properties	29,702	(236)	67,100	32,588
Equity pick-up	77,763	37,068	-	-
Provision for (reversal of) of investment impairment	6,482	(245)	6,510	(245)
Other equity revenues (expenses)	(12)	104	(40)	104
	113,935	36,691	73,570	32,447

25.10 Income and social contribution taxes - reconciliation

(a) Reconciliation of income and social contribution taxes

	Quarter			
	Parent Company			
	July 1 to September 30, 2018		July 1 to September 30, 2017	
	IRPJ	CSLL	IRPJ	CSLL
Income before IRPJ/ CSLL provision	363,404	363,404	257,141	257,141
Nominal tax rates in force	25.0%	20.0%	25.0%	20.0%
IRPJ and CSLL at the nominal rate	(90,851)	(72,681)	(64,285)	(51,428)
Permanent additions and exclusions	87,084	17,569	66,747	13,358
Interest on shareholders' equity	15,098	12,079	14,988	11,990
Tax incentives	(432)	(346)	(269)	(215)
Deduction current IR - incentives/adjustments	1,461	-	625	-
Equity interest	6,962	5,570	2,960	2,369
Provision for losses (pre 68 health plan)	606	364	(4,684)	(3,832)
Rural insurance	64,044	-	41,167	-
Other adjustments	(655)	(98)	11,960	3,046
IR and CS in the income statement	(3,767)	(55,112)	2,462	(38,070)
Current	(3,174)	(54,948)	(4,890)	(43,568)
Deferred	(593)	(164)	7,352	5,498

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25.10 Income and social contribution taxes - reconciliation

(a) Reconciliation of income and social contribution taxes

	Half-year			
	Parent Company			
	January 1 to September 30, 2018		January 1 to September 30, 2017	
	IRPJ	CSLL	IRPJ	CSLL
Income before IRPJ/ CSLL provision	1,045,944	1,045,944	911,891	911,891
Nominal tax rates in force	25.0%	20.0%	25.0%	20.0%
IRPJ and CSLL at the nominal rate	(261,486)	(209,189)	(227,973)	(182,378)
Permanent additions and exclusions	212,284	58,310	131,840	42,533
Interest on shareholders' equity	45,121	36,097	45,202	36,161
Tax incentives	(575)	(460)	(811)	(649)
Deduction current IR - incentives/adjustments	2,384		3,220	-
Equity interest	59,116	24,087	12,947	10,358
Provision for losses (pre 68 health plan)	170	102	(3,610)	(2,972)
Rural insurance	105,768		71,799	-
Other adjustments	300	(1,516)	3,093	(365)
IR and CS in the income statement	(49,202)	(150,879)	(96,133)	(139,845)
Current	(57,563)	(132,585)	(88,696)	(133,875)
Deferred	8,361	(18,294)	(7,437)	(5,970)

	Quarter			
	Consolidated			
	July 1 to September 30, 2018		July 1 to September 30, 2017	
	IRPJ	CSLL	IRPJ	CSLL
Income before IRPJ/ CSLL provision	368,138	368,138	260,804	260,804
Nominal tax rates in force	25.0%	20.0%	25.0%	20.0%
IRPJ and CSLL at the nominal rate	(92,035)	(73,628)	(65,201)	(52,161)
Permanent additions and exclusions	84,723	17,327	64,975	13,116
Interest on shareholders' equity	15,098	12,079	14,988	11,990
Tax incentives	(432)	(346)	(269)	(215)
Deduction current IR - incentives/adjustments	1,461	-	625	-
Equity interest	6,962	5,571	2,960	2,369
Provision for losses (pre 68 health plan)	606	364	(4,684)	(3,832)
Rural insurance	64,044	-	41,167	-
Other adjustments	(3,016)	(341)	10,188	2,804
IR and CS in the income statement	(7,312)	(56,301)	(226)	(39,045)
Current	(6,469)	(56,143)	(7,570)	(44,539)
Deferred	(843)	(158)	7,344	5,494

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25.10 Income and social contribution taxes - reconciliation

(a) Reconciliation of income and social contribution taxes

	Half-year			
	Consolidated			
	January 1 to September 30, 2018		January 1 to September 30, 2017	
	IRPJ	CSLL	IRPJ	CSLL
Income before IRPJ/ CSLL provision	1,082,027	1,082,027	925,139	925,139
Nominal tax rates in force	25.0%	20.0%	25.0%	20.0%
	0.25			
IRPJ and CSLL at the nominal rate	(270,507)	(216,405)	(231,285)	(185,028)
Permanent additions and exclusions	194,720	56,028	125,425	41,662
Interest on shareholders' equity	45,121	36,097	45,202	36,161
Tax incentives	(575)	(460)	(811)	(649)
Deduction current IR - incentives/adjustments	2,384		3,220	-
Equity interest	59,116	24,087	12,947	10,358
Provision for losses (pre 68 health plan)	170	102	(3,610)	(2,972)
Rural insurance	105,768		71,799	-
Other adjustments	(17,264)	(3,798)	(3,322)	(1,236)
IR and CS in the income statement	(75,787)	(160,377)	(105,860)	(143,366)
Current	(70,533)	(137,277)	(96,333)	(136,643)
Deferred	(5,254)	(23,100)	(9,527)	(6,723)

Law No. 13.169/2015

On October 6, 2015, Provisional Measure No. 675 was converted into Law No. 13,169/2015, raising the rate of CSLL for financial institutions and similar entities as defined in Article 22, paragraph 1, of Law No. 8,212/1991, namely, credit, financing and investment companies, real estate credit companies, brokerage firms, securities distributors, leasing companies, credit cooperatives, private insurance and savings bond companies, independent private insurance and credit agencies and open and closed private pension plans.

The CSLL rate was raised from 15% to 20% for the period from September 1, 2015 to December 31, 2018. On January 1, 2019, the rate will return to 15%.

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25.10 Income and social contribution taxes - variation

(b) Variation in deferred IRPJ and CSLL accounts

	Parent Company and Consolidated					
	Balance as of December 31, 2017	Additions	Write-offs	Recognized to income	Recognized to comprehensive income	Balance as of September 30, 2018
Deferred tax assets						
Labor provisions	185,913		(12,770)	(12,770)		173,143
Provision for investment devaluation	63,344		(63,344)	(63,344)		-
Provision for profit sharing		3,875		3,875		3,875
Provision for doubtful debts	104,455	7,576		7,576		112,031
Provision for tax and social security contingencies	64,407	5,160		5,160		69,567
Adjustment to market value - securities available for sale	17,824	28,900			28,900	46,724
Actuarial gains or losses - post employment benefits	(14,752)		275	12,493	(12,218)	(14,477)
Provision for labor contingencies	23,354	(1,533)		(1,533)		21,821
Adjustment to market value - Investment	(16,486)	18,894		18,894		2,408
Other provisions	1,201	27,976		27,976		29,177
Total deferred tax assets	429,260	90,848	(75,839)	(1,673)	16,682	444,269
	Balance as of December 31, 2017	Additions	Write-offs	Recognized to income	Recognized to comprehensive income	Balance as of September 30, 2018
Deferred tax liabilities						
Update for court deposits	(80,342)	(8,262)		(8,263)		(88,604)
Total deferred tax liabilities	(80,342)	(8,262)	-	(8,263)	-	(88,604)
Net total of Parent Company	348,918	82,586	(75,839)	(9,936)	16,682	355,665
Adjustment to market value	(13,148)		8,205	(18,422)		(23,365)
Total consolidated, net	335,770	82,586	(67,634)	(28,358)	16,682	332,300

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26 Retirement and pension plans and other employee benefits

The Company is a sponsor of the Brazilian Reinsurance Institute Staff Pension Foundation (PREVIRB), which provides members and dependents with benefits to supplement the basic government pension.

Defined benefit (closed) and variable contribution (open) plans are offered, and the capitalization regime is adopted for actuarial valuations of retirement income.

The Company offers the benefits listed in Note 15.2, namely:

- Payment of the full cost of supplementary pension benefits and death benefit.
- Contributory health plan for active and retired staff.
- Funeral allowance.
- Life insurance.

The following key actuarial assumptions are used:

Economic hypotheses	Post-employment benefits plan managed by PREVIRB		Post-employment benefits plan managed by IRB	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Actual discount rate (*)	6.0%	5.0%	6.0%	5.0%
Nominal rate of return expected from assets	INPC + 6,00% p.a.	INPC + 5,0% p.a.	INPC + 6,00% p.a.	INPC + 5,0% p.a.
Estimate on actual increase in salary	Plan A: Not adopted Plan B: 1%	Plan A: Not adopted Plan B: 1,0%	Medical Plan: 0 % Other Plans: Not applicable	Medical Plan: Not applicable Other Plans: Not applicable
Estimate on actual growth in the highest salary received by INSS beneficiaries	Zero	Zero	Not applicable	Not applicable
Estimate on actual growth of plan benefits	Zero	Zero	Not applicable	Not applicable
Hypothesis of future generation from new participants	Not adopted	Not adopted	Not applicable	Not applicable
Hypothesis of turnover	Plan A: Not adopted Plan B: 2,5%	Plan A: Not adopted Plan B: 2,5%	Medical Plan: 2,5% Other Plans: Not applicable	Medical Plan: 2,5% Other Plans: Not applicable
Drivers from determining the actual value throughout time, INSS benefits and plan benefits	Not adopted	Not adopted	Not applicable	Not applicable
Demographic hypotheses				
Life table: Pre-68 Plan	Not applicable	Not applicable	AT-2000 diluted by 10%	AT-2000 diluted by 10,0%
Life table: Other Plans	BR-EMSsb (segregated by gender)	BR-EMSsb (segregated by gender)	BR-EMSsb (segregated by gender)	BR-EMSsb (segregated by gender)
Disability Entry Table	MI 85	MI 85	MI 85	MI 85
Disability Entry Table	ÁLVARO VINDAS	ÁLVARO VINDAS	ÁLVARO VINDAS	ÁLVARO VINDAS

(*) The discount rate is calculated according to CVM Instruction 695/2012, using the rate for federal government stock (NTN-B) as a base, with the indexation and periods expected for post-employment benefits obligations.

We should mention that it has been assumed that medical costs will continue to rise in line with the experience of the plan over the last 4 years. The HCCTR (Health Care Cost Trend Rate) was 4.9% p.a., in addition to an Aging Factor of 2% p.a. and overall inflation 4% p.a.. This rate is applied uniformly over the first 9 years. As from year 10 the rate reduces to 1% p.a.

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26.1 Variable contribution plans

Since 2004 the Company has sponsored the Pension Plan B (a variable contribution plan). The plan assets are held separately from the Company's in funds controlled by trustees.

The amount of contributions paid by the Company in this period was R\$7,906 (R\$5,966 as at December 31, 2017), at the rates specified in the plan regulations.

The actuarial valuation identified a technical surplus of R\$47,057 (R\$37,132 as at December 31, 2017) in PREVIRB. In accordance with the BR GAAP and the IFRS, this surplus is not shown in the books of the sponsor.

As at September 30, 2018, PREVIRB set up a special reserve of R\$1,054 representing the surplus to be repaid to the sponsor of the defined benefit plans.

The Company accordingly recognized this sum in its financial statements, having met all the requirements of Private Pension Management Council (CGPC) Resolution No. 26, which deals with the conditions and procedures for the disposal and use of surpluses by private pension companies.

Changes in the present value of actuarial liabilities of Plan B during the half year are as follows:

	September 30, 2018	December 31, 2017
Present value of actuarial obligations at the beginning of the year	87,032	65,653
Cost of current services	60	123
Interest cost rate	3,051	2,089
Actuarial loss	19,486	22,784
Benefits paid	(6,373)	(3,617)
Present value of actuarial obligations	103,256	87,032

Changes in the fair value of assets of Plan B during the half year are as follows:

	September 30, 2018	December 31, 2017
Initial fair value of plan assets	124,164	103,524
Return on investments	8,587	9,109
Employer contributions	7,906	5,966
Contributions from participants in the plan	7,906	5,966
Benefits paid	(6,373)	(3,617)
Return on assets	8,123	3,216
Final fair value of plan assets	150,313	124,164

The amount recognized in the balance sheet for the company's liabilities under this defined benefit plan is shown below:

	September 30, 2018	December 31, 2017
Present value of the obligation of defined benefits paid	(103,256)	(87,032)
Fair value of plan assets	150,313	124,164
Financial condition	47,057	37,132
Effect from assets ceiling	(47,057)	(37,132)
Net assets arising from defined benefits obligations	-	-

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26.2 Defined benefit plans

The Company provides defined benefit pension plans (Benefits Plan A and Pre-68 Plan) for eligible employees. Under these plans staff are entitled to supplementary benefits based on their monthly salary on retirement date.

Plan A

The amount of contributions paid by the Company in this period was R\$25 (R\$19 as at December 31, 2017) at the rates specified in the plan regulations.

The actuarial valuation identified a technical surplus of R\$888,134 (R\$564,132 as at December 31, 2017). In accordance with the BR GAAP and the IFRS, this surplus is not shown in the books of the sponsor.

As at September 30, 2018, PREVIRB set up a special reserve of R\$102,709 representing the surplus to be repaid to the sponsor of the defined benefit plans.

The Company accordingly recognized this sum in its financial statements, having met all the requirements of Private Pension Management Council (CGPC) Resolution No. 26, which deals with the conditions and procedures for the disposal and use of surpluses by private pension companies.

	September 30, 2018	December 31, 2017
Present value of actuarial obligations at the beginning of the year	1,401,904	1,326,917
Interest cost rate	93,014	132,169
Actuarial loss	(166,563)	56,852
Benefits paid	(84,123)	(114,034)
Present value of actuarial obligations	1,244,232	1,401,904

Changes in the fair value of assets of Plan A during the period are as follows:

	September 30, 2018	December 31, 2017
Initial fair value of plan assets	1,966,036	1,939,573
Return on investments	135,966	204,103
Employer contributions	25	19
Contributions from participants in the plan	42	82
Benefits paid	(84,123)	(114,034)
Return on assets	114,420	(63,707)
Final fair value of plan assets	2,132,366	1,966,036

The amount recognized in the balance sheet for the company's liabilities under this defined benefit plan is shown below:

	September 30, 2018	December 31, 2017
Present value of the obligation of defined benefits paid	1,244,232	1,401,904
Fair value of plan assets	(2,132,366)	(1,966,036)
Financial condition	(888,134)	(564,132)
Effect from assets ceiling	888,134	564,132
Net assets arising from defined benefits obligations	-	-

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Details of the security for the PREVIRB Plan A Reserves are given below:

	September 30, 2018	December 31, 2017
Cash	98	40
Receivables from investments		
Government securities	1,517,153	1,392,241
Private credits and deposits	280,757	356,505
Shares	62,979	47,866
Investments funds	262,572	182,300
Real estate investment	84,670	85,387
Loan and financing	5,828	5,569
	2,214,057	2,069,908
Investment operating liabilities		
Real Estate investments	-	-
Other liabilities (IOF) / Rents and Earnings	(1)	(1)
	(1)	(1)
Investment contingent liabilities	(25,883)	(25,883)
Funds used for guarantee	2,188,173	2,044,024

Pre-68 Plan

The Company has a technical provision to cover liabilities under the abovementioned benefits, which applied to 227 members as at September 30, 2018 (240 as at December 31, 2017), consisting of 216 retirees with an average age of 84.05 years (83.97 years as at December 31, 2017) and 11 pensioners with an average age of 84.11 years (84.17 years as at December 31, 2017).

The amount of benefits paid by the Company to these participants/beneficiaries during the period, under the plan regulations, was R\$15,438 (R\$19,256 as at December 31, 2017).

The actuarial valuation defined the balance of provisions as R\$127,936 (R\$138,770 as at December 31, 2017), in line with the BR GAAP.

We should mention that the adjusted value of the debt contract signed between IRB Brasil RE and PREVIRB in December 2015, transferring administrative responsibility for payment of pension benefits under the pre-68 Plan, is R\$151,369 (R\$154,270 as at December 31, 2017).

Since this group of participants are members of the Foundation's Plan A, the results of the Pre-68 Plan could be included with the results of Plan A. They are detailed in this note simply to facilitate understanding the method.

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Changes in the present value of actuarial liabilities of the defined benefit plan during the period are as follows:

	September 30, 2018	December 31, 2017
Present value of actuarial obligations at the beginning of the year	138,770	142,609
Interest cost rate	8,943	13,525
Actuarial loss	(4,339)	1,892
Benefits paid	(15,438)	(19,256)
Present value of actuarial obligations	127,936	138,770

Changes in the fair value of assets of the Plan during the period are as follows:

	September 30, 2018	December 31, 2017
Employer contributions	15,438	19,256
Benefits paid	(15,438)	(19,256)
Final fair value of plan assets	-	-

The amounts shown in income for September 2018 and forecast for 2019 are as follows:

	September 30, 2019	September 30, 2018
Interest cost rate	12,157	13,042
Expense at the end of the period	12,157	13,042

The amount recognized in the balance sheet for the company's liabilities under this plan is shown below:

	September 30, 2018	December 31, 2017
Present value of the defined benefits obligation	127,936	138,770
Fair value of assets	-	-
Financial condition	127,936	138,770
Restriction on contracted deficit	23,433	15,500
Net value of defined benefit liabilities	151,369	154,270

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26.3 Other staff benefits

Medical and dental assistance

Changes in the present value of liabilities for the medical plan during the period are as follows:

	September 30, 2018	December 31, 2017
Present value of actuarial obligations at the beginning of the year	300,100	202,793
Cost of current services	87	442
Interest rate cost	19,489	21,811
Actuarial loss	(34,132)	97,618
Benefits paid	(14,765)	(22,564)
Present value of the actuarial obligations	270,779	300,100

Changes in the fair value of assets of the medical plan during the period are as follows:

	September 30, 2018	December 31, 2017
Employer contributions	10,092	16,928
Contributions from participants in the plan	4,673	5,636
Benefits paid	(14,765)	(22,564)
Final fair value of plan assets	-	-

The amounts shown in income for September 2018 and forecast for 2019 are as follows:

	September 30, 2019	September 30, 2018
Cost of current services	103	102
Interest rate cost	25,791	22,554
Amount expected from employer's contributions	(19,159)	(5,636)
Expense at the end of the period	6,735	17,020

The amount recognized in the balance sheet for the company's liabilities under this plan is shown below:

	September 30, 2018	December 31, 2017
Present value of the obligation of defined benefits paid	(270,779)	(300,100)
Net value of defined benefit liabilities	(270,779)	(300,100)

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Funeral allowance

Changes in the present value of liabilities for the funeral allowance during the half year are as follows:

	September 30, 2018	December 31, 2017
Present value of actuarial obligations at the beginning of the year	1,646	1,464
Interest rate cost	111	148
(Gain)/ Actuarial loss	(292)	83
Benefits paid	(11)	(49)
Present value of the actuarial obligations	1,454	1,646

Changes in the fair value of assets of the funeral allowance during the period are as follows:

	September 30, 2018	December 31, 2017
Employer contributions	11	49
Benefits paid	(11)	(49)
Final fair value of plan assets	-	-

The amounts shown in income for September 2018 and forecast for 2019 are as follows:

	September 30, 2019	September 30, 2018
Interest rate cost	144	147
Expense at the end of the period	144	147

The amount recognized in the balance sheet for the company's liabilities under this plan (funeral allowance) is shown below:

	September 30, 2018	December 31, 2017
Present value of the obligation of defined benefits paid	(1,454)	(1,646)
Net value of defined benefit liabilities	(1,454)	(1,646)

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Group life insurance

Changes in the present value of liabilities for life insurance during the period are as follows:

	September 30, 2018	December 31, 2017
Present value of actuarial obligations at the beginning of the year	1,557	1,322
Interest rate cost	101	139
Actuarial loss	436	295
Benefits paid	(302)	(199)
Present value of the actuarial obligations	1,792	1,557

Changes in the fair value of assets of life insurance during the period are as follows:

	September 30, 2018	December 31, 2017
Employer contributions	302	199
Benefits paid	(302)	(199)
Final fair value of plan assets	-	-

The amounts shown in income for September 2018 and forecast for 2019 are as follows:

	September 30, 2019	September 30, 2018
Interest rate cost	172	141
Expense at the end of the period	172	141

The amount recognized in the balance sheet for the company's liabilities under this plan is shown below:

	September 30, 2018	December 31, 2017
Present value of the obligation of defined benefits paid	(1,792)	(1,557)
Net value of defined benefit liabilities	(1,792)	(1,557)

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26.4 Total obligations of IRB Brasil RE

Below we show details of provisions for post-employment benefits for which IRB Brasil RE is liable, divided into current and non-current:

	September 30, 2018	December 31, 2017
Current		
Retirement and pensions supplement	22,351	20,500
Medical and dental assistance	18,374	17,623
Medical and dental assistance- provision for events incurred and not reported	363	271
Group life insurance	214	176
Funeral allowance	88	85
	41,390	38,655
Non current		
Retirement and pensions supplement	129,018	133,770
Medical and dental assistance	252,405	282,477
Group life insurance	1,578	1,381
Funeral allowance	1,366	1,561
	384,367	419,189

26.5 Consolidation of effects – Post-employment benefit

Consolidated totals of employee benefits are shown below, and the accounting procedures applied.

The following amounts were recognized in income for the period and in shareholders' equity – other comprehensive income:

Total amount recognized in income for the period:

	Defined benefit		Other benefits		Other provisions (PEONA)		Total	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Cost of service	-	-	88	331	-	-	88	331
Interest rate cost	8,943	10,270	19,701	15,984	-	-	28,644	26,254
Contributions paid	25	19	7,906	5,966	-	-	7,931	5,985
Other moves	-	-	-	-	92	(26)	92	(26)
Total values recognized	8,968	10,289	27,695	22,281	92	(26)	36,755	32,544

Total recognized in the statement of comprehensive income:

	Defined benefit		Other benefits		Other provisions (PEONA)		Total	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Actuarial (gains)/ losses	(4,339)	10,161	(33,988)	22,823	-	-	(38,327)	32,984
Other moves	7,933	(10,723)	-	-	-	-	7,933	(10,723)
Total values recognized	3,594	(562)	(33,988)	22,823	-	-	(30,394)	22,261

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26.6 Sensitivity analysis

As required by CPC33 – Employee Benefits, we give below Management’s sensitivity analysis for the financial and actuarial assumptions considered to be critical:

Sensitivity to discount rate

PLAN A	Actual rate	5.0%	5.5%	6.5%	7.0%
	Nominal rate (*)	9.2%	9.7%	10.8%	11.3%
	Defined benefit obligation	1,366,321	1,302,849	1,189,993	1,139,707
	Impact from main scenario	122,088	58,617	(54,240)	(104,525)
PLAN B	Actual rate	5.0%	5.5%	6.5%	7.0%
	Nominal rate (*)	9.2%	9.7%	10.8%	11.3%
	Defined benefit obligation	105,453	104,307	102,292	101,403
	Impact from main scenario	2,197	1,050	(965)	(1,853)
PRE 68	Actual rate	5.0%	5.5%	6.5%	7.0%
	Nominal rate (*)	9.2%	9.7%	10.8%	11.3%
	Defined benefit obligation	135,849	131,787	124,279	120,806
	Impact from main scenario	7,914	3,852	(3,656)	(7,129)
Health Plan	Actual rate	5.0%	5.5%	6.5%	7.0%
	Nominal rate (*)	9.2%	9.7%	10.8%	11.3%
	Defined benefit obligation	299,182	284,338	258,263	246,614
	Impact from main scenario	28,402	13,558	(12,517)	(24,166)
Funeral allowance	Actual rate	5.0%	5.5%	6.5%	7.0%
	Nominal rate (*)	9.2%	9.7%	10.8%	11.3%
	Defined benefit obligation	1,649	1,546	1,371	1,295
	Impact from main scenario	194	92	(83)	(159)
Life insurance	Actual rate	5.0%	5.5%	6.5%	7.0%
	Nominal rate (*)	9.2%	9.7%	10.8%	11.3%
	Defined benefit obligation	1,919	1,853	1,732	1,677
	Impact from main scenario	128	62	(59)	(114)

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Sensitivity to mortality table – AT-2000 (Smoothed by 10%) (**)

PLAN A	Actual rate	5.0%	5.5%	6.5%	7.0%
	Nominal rate(*)	9.2%	9.7%	10.8%	11.3%
	Defined benefit obligation	1,318,719	1,259,628	1,154,140	1,106,955
	Impact from main scenario	74,486	15,396	(90,093)	(137,278)
PLAN B	Actual rate	5.0%	5.5%	6.5%	7.0%
	Nominal rate(*)	9.2%	9.7%	10.8%	11.3%
	Defined benefit obligation	104,921	103,827	101,898	101,046
	Impact from main scenario	1,664	570	(1,358)	(2,211)
PRE 68	Actual rate	5.0%	5.5%	6.5%	7.0%
	Nominal rate (*)	9.2%	9.7%	10.8%	11.3%
	Defined benefit obligation	143,098	138,598	130,309	126,487
	Impact from main scenario	15,163	10,663	2,374	(1,448)
Health Plan	Actual rate	5.0%	5.5%	6.5%	7.0%
	Nominal rate (*)	9.2%	9.7%	10.8%	11.3%
	Defined benefit obligation	283,441	269,878	245,971	235,245
	Impact from main scenario	12,661	(902)	(24,809)	(35,535)
Funeral allowance	Actual rate	5.0%	5.5%	6.5%	7.0%
	Nominal rate (*)	9.2%	9.7%	10.8%	11.3%
	Defined benefit obligation	1,735	1,634	1,459	1,383
	Impact from main scenario	281	180	5	(71)
Life insurance	Actual rate	5.0%	5.5%	6.5%	7.0%
	Nominal rate (*)	9.2%	9.7%	10.8%	11.3%
	Defined benefit obligation	1,840	1,778	1,666	1,614
	Impact from main scenario	49	(13)	(125)	(177)

(*)Takes inflation into account.

(**) Except the Pre-68 Plano, which shows sensitivity to the table "BR-EMSb (segregated by gender)".

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Section F – Accounting policies

27 Significant accounting policies

The significant accounting policies applied in preparing these financial statements are shown below. These policies have been applied consistently for the periods shown, except as otherwise indicated.

27.1 Translation of foreign currency

(a) Functional currency and presentation currency

The items shown in the Company's individual and consolidated financial statements are measured in the currency of our main economic operating environment ("functional currency"). The consolidated financial statements are presented in Reais, the Company's functional currency.

(b) Transactions and balance

In preparing the Company's individual and consolidated financial statements, transactions in foreign currency, i.e. any currency other than the functional currency of each Company, are recorded at the exchange rate ruling on the transaction date. At the end of each year, monetary items in foreign currency are reconverted at the current rates. Non-monetary items in foreign currency registered at fair value are reconverted at the rates in force on the date when fair value is determined. Non-monetary items measured at historic cost in foreign currency are converted at the rate ruling on the transaction date.

For the purposes of presentation of the individual and consolidated financial statements, the Company's operating assets and liabilities abroad are converted into Reais at the exchange rates ruling at the end of the period. Income is converted at the average exchange rate for the period, unless exchange rates have fluctuated significantly, in which case the rates ruling on the transaction date are used. Any currency variations resulting from these translations are classified as comprehensive income and accumulated in shareholders' equity.

(c) Subsidiaries with a different functional currency

The results and financial position of entities consolidated which have a functional currency different from the presentation currency, are converted into the presentation currency as follows:

Assets and liabilities of each balance sheet presented are converted at the rate on the closing date.

(ii) Revenues and expenses of each statement of income are converted at the average rate of exchange (unless this does not give a reasonable approximation of the cumulative effect of the rates in force on the dates of the transactions, in which case revenues and expenses are converted at the rate ruling on the date of the transactions).

(iii) All resulting exchange differences are recognized as a separate component of shareholders' equity, in the "accumulated translation adjustments" account.

27.2 Cash and cash equivalents

Cash and cash equivalents include cash and bank deposits with an insignificant risk of change in value. The balance is shown in the cash flow statements net of the balance of overdrawn accounts, if any. Overdraft balances, if any, are shown in the balance sheet as "loans", in current liabilities.

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27.3 Financial assets

27.3.1 Classification

The Company classifies its financial assets on initial recognition in the following categories: measured at fair value through income, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired.

(a) Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it was acquired, principally, for sale in the short term. Assets in this category are classified as current assets.

Derivatives, when used, are also categorized as held for trading, unless they are designated as hedging instruments.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable maturities, not quoted on an active market. Loans and receivables (including credits and debits for reinsurance and retrocession operations, securities and credits receivable, court and tax deposits and similar) are measured at amortized cost using the effective interest rate method less any impairment losses. They are shown as current assets, except those maturing more than 12 months after the date of the balance sheet, which are classified as non-current assets.

Premiums payable in installments are booked as premiums receivable, in current assets, and written off as each installment is paid.

(c) Financial assets available for sale

Financial assets available for sale are non-derivatives designated in this category or not classified in any of the previous categories. They are shown as non-current assets, unless management intends to dispose of them within 12 months from the balance sheet date.

(d) Investments held to maturity

Investments held to maturity are non-derivative financial assets, with fixed or determinable payments and fixed maturity dates, which the Company has the intention and the capacity to hold to maturity.

27.3.2 Recognition and measurement

Purchases and sales of financial assets are normally recognized on the trading date. The investments are initially recognized at fair value plus transaction costs, in the case of all financial assets not classified as being at fair value through income. Financial assets at fair value through income are initially recognized at fair value, and the transaction costs are debited to the income statement. Financial assets are written off when the rights to receive cash flows have expired or have been transferred, in the latter case provided that the Company has transferred substantially all the risks and benefits of ownership. Financial assets available for sale or measured at fair value through income are subsequently recognized in the books at fair value. Loans and receivables are booked at amortized cost, using the effective interest rate method.

Gains and losses arising from variations in the fair value of financial assets measured at fair value through income are shown in the income statement as "Financial revenues and expenses" in the period in which they occur.

Changes in the fair value of monetary securities denominated in foreign currency and classified as available for sale are divided between translation differences arising from variations in the amortized cost of the security and other changes in its book value. Exchange variations on monetary securities are recognized in income. Exchange variations on non-monetary securities are recognized in shareholders' equity. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in shareholders' equity.

When securities classified as available for sale are sold or suffer impairment, the aggregate fair value adjustments recognized in shareholders' equity are included in the income statement as "financial revenues and expenses".

Interest on securities available for sale, calculated according to the effective interest rate method, are recognized in the income statement as "other revenues".

Dividends on financial assets measured at fair value through income and equity instruments available for sale, such as shares, are recognized in the income statement as "other revenues", when the Company has an established right to receive dividends.

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Fair value of quoted investments is based on current purchase prices. If there is no active market for a financial asset (including unlisted securities), the Company uses valuation techniques to determine fair value. These techniques include the use of recent transactions with third parties for other instruments which are substantially similar, analysis of discounted cash flows and options pricing models which use market information as far as possible, and with as little input from the Company management as possible.

27.3.3 Offsetting of financial Instruments

Financial assets and liabilities are offset and the net figure shown in the balance sheet when there is a legal right to do so and it is intended to settle them on a net basis or to realize the asset and settle the liabilities simultaneously.

27.3.4 Impairment of financial assets

(a) Assets measured at amortized cost

As at the date of each balance sheet, the Company determines whether there is objective evidence of impairment of a financial asset or group of financial assets. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events occurring since the initial recognition of the assets (a "loss event") and if this loss event (or events) has an effect on estimated future cash flows from the financial asset or group of financial assets, which can be reliably estimated.

The criteria which the Company uses to determine whether there is objective evidence of impairment include:

- (i) significant financial difficulties of the issuer or debtor;
- (ii) a breach of contract, such as default or delay in payment of interest or principal;
- (iii) the Company, for economic or legal reasons involving the financial difficulties of a borrower, grants concessions which a creditor would normally not consider;
- (iv) it is likely that the borrower will declare bankruptcy or other financial reorganization;
- (v) the disappearance of an active market for the financial asset due to financial difficulties; or
- (vi) observable data indicating that there is a measurable reduction in estimated future cash flows from a portfolio of financial assets since their initial recognition, even though the decrease may not yet have been identified for individual financial assets in the portfolio, including national or local economic conditions affecting repayment of the portfolio assets.

The amount of the impairment loss is measured as being the difference between the book value of an asset and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the original interest rate applying to the financial asset. The book value of the asset is reduced and the amount of the loss is recognized in the income statement. If a loan or investment held to maturity has a variable interest rate, the discount rate used to measure an impairment loss is the current effective interest rate according to the contract. As a practical expedient, the Company may measure impairment on the basis of the fair value of an instrument using an observable market price.

If in a subsequent period the amount of the impairment loss diminishes, and the decrease can be objectively related to an event which has taken place since the impairment was recognized (such as an upgrade in the debtor's credit rating), the loss previously recognized will be reversed and recognized in the income statement.

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(b) Assets classified as available for sale

As at the date of each balance sheet, the Company determines whether there is objective evidence of impairment of a financial asset or group of financial assets. For debt securities, the Company applies the criteria mentioned in item (a) above. In the case of investments in equity instruments classified as available for sale, a significant or prolonged fall in fair value to below cost is also evidence of impairment. If any evidence of this type exists for financial assets available for sale, the aggregate loss – measured as the difference between cost price and current fair value, less any impairment previously recognized in income – will be deducted from equity and recognized in the income statement. Impairment losses on equity instruments recognized in the income statement are reversed to the income statement. In the case of debt instruments classified as available for sale, if in a subsequent period the fair value rises, and the rise can be objectively related to an event occurring since the impairment loss was recognized in income, the loss is reversed to the income statement.

27.4 Classification of reinsurance contracts

The Reinsurer's contracts are classified for booking as reinsurance contracts when risk coverage starts. A contract classified as a reinsurance contract will remain classified as such until all rights and obligations have been extinguished or have expired. A reinsurance contract is a contract whereby the reinsurer accepts a material insurance risk from another party (reinsurer or insurer), and undertakes to indemnify the other party if a specific event occurring in the future (the event insured) adversely affects the latter.

Thus a reinsurance contract is classified as an insurance contract because it is defined as a transaction where the issuer accepts a material insurance risk from the other party and undertakes to compensate the latter if an uncertain, specific event occurs in the future which may have an adverse effect on it.

27.5 Intangible assets

(a) Intangible assets acquired separately

Intangible assets with a defined useful life and acquired separately are registered at cost, less amortization and aggregate impairment losses. Amortization is recognized on a straight-line basis over the estimated useful life of the assets. Estimated useful life and the method of amortization are reviewed at the end of each period, and the effect of any change in the estimates is booked prospectively. Intangible assets with a undefined useful life and acquired separately are registered at cost, less aggregate impairment losses, and are not amortized.

(b) Write-off of intangible assets

An intangible asset is written off when disposed of, or when there are no future economic benefits from its use or disposal. Gains or losses from the write-off of an intangible asset are measured as the difference between net revenues from disposal and the book value of the asset, and are recognized in income when the asset is written off.

27.6 Property and equipment

Property and equipment for own use

Property and equipment for own use consists of property, equipment, fittings and fixtures, vehicles, machines and utensils used in the Reinsurer's business. Property and equipment for own use is generally shown at historic cost. Properties for own use (land and buildings) are shown at historic cost revalued as at December 31, 2004, on the basis of the reports of independent experts. In accordance with CPC 01 (R1) - Decrease in the recoverable value of assets, no further revaluations have been undertaken.

The historic cost of property and equipment consists of expenses directly attributable to the acquisition of items which can be capitalized, and which are in a condition to be used.

Subsequent expenditure is included in the book value of the asset or recognized as a separate asset, as the case may be, only when it is likely that future financial benefits associated with the asset will accrue to the Reinsurer and the cost of the asset can be reliably estimated.

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Land is not depreciated. Depreciation of other assets is calculated on a straight-line basis, to allocate costs, less residual value, over their useful life, as follows:

	Depreciation Rate (p.a) - %	Years
Buildings	4,0	25
Furniture and fixtures	10,0	10
IT Equipment	20,0	5
Vehicles	20,0	5

Residual values and the useful life of assets are reviewed and adjusted, if necessary, at each balance sheet date. The book value of an item of property and equipment is written down immediately, in full or in part, if its recoverable value is lower than its book value.

27.7 Investment property

The Reinsurer holds 100% of the shares of IRB Investimentos e Participações Imobiliárias S.A., which owns certain commercial properties leased to third parties under operating leases, as defined in CPC 06 (R1) - Leasing Operations. The Reinsurer uses the depreciated cost model (the cost method defined in CPC 28 - Investment Property) to value these assets.

The investment properties owned by the subsidiary are depreciated on a straight-line basis over their estimated useful lives. The majority of the lease agreements have a 3-year renewal option. Rentals are adjusted in line with the IGP-M/FGV.

27.8 Impairment of non-financial assets

Non-financial assets (including intangible assets) are assessed for impairment on the occurrence of events or circumstances indicating that book value may not be recoverable. An impairment loss is recognized in income for the period for the difference between book value and recoverable value. Recoverable value is defined by the CPC as the greater of value in use and the fair value of the asset (less selling costs). When testing non-financial assets for impairment, they are grouped at the lowest level for which the Reinsurer can identify individual cash flows, defined as a cash generating unit (CGU).

27.9 Provisions

(a) Technical provisions

- A provision for unearned premiums on risks in force and issued (PPNG-RVE) is set up to cover premiums issued during the period for unexpired risks under the contracts. The purpose is to cover future expenses, including claims to be paid by IRB Brasil RE. The provision is calculated on the basis of anticipated exposure for each contract. To supplement this provision, a further provision is set up for risks in force but not issued (PPNG-RVNE), calculated on the basis of an actuarial estimate (as described in a technical actuarial note) of existing risks for which contracts have not yet been issued.
- A provision for unsettled claims (PSL) is set up for the estimated sum to be indemnified indicated in claim reports received from the reinsurance and insurance companies. The provision is adjusted daily on the basis of analyses undertaken by the operating and legal areas. The balance of the PSL includes a provision for claims incurred but not enough reported, described below.
- The provision for claims incurred but not enough reported (IBNER), relating to operations in Brazil and abroad, is set up according to actuarial assumptions defined in a technical note or reports of independent actuaries, to cover developments under claims reported but not yet paid as at the date of the calculation. These amounts may be altered over the period of the process, until it is settled.
- The provision for claims incurred but not reported (IBNR), relating to operations in Brazil and abroad, is set up according to actuarial assumptions defined in a technical note or reports of independent actuaries.
- A provision for technical surpluses (PET) is set up to guarantee distribution of these surpluses under existing contracts.
- A provision must be set up for related expenses (PDR), to cover claims adjustment costs, and a provision for supplementary coverage (PCC), when the total liabilities of the Company are tested for adequacy and found to be insufficient.

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(b) Liability adequacy test (LAT)

The liability adequacy test is an economic test of the book value of the Company's liabilities. Its aim is to identify any errors in the values of the obligations arising from reinsurance contracts, as required by CPC 11 - Insurance Contracts.

The test compares current estimates of gross cash flows from retrocession with the book value of technical provisions, as at the date of the calculation, less deferred acquisition costs and intangible assets directly related to the provisions. If the figure is found to be inadequate, this must be recognized in the Supplementary Coverage Provision (PCC).

The cash flows are aggregated by groups of similar insurance lines, separating contracts in local and foreign currency, and observing the differences between registered and future premiums and between past and future claims.

To calculate the present value of estimated cash flows a discount rate is obtained from the Svensson model for IPCA coupon, fixed-rate and currency coupon curves.

IRB Brasil RE's life products are structured under a simple distribution regime, and so life expectancy tables are not used to project cash flows.

The Svensson model is frequently used in the financial market to estimate interest rate curves. This model is an extrapolation of the Nelson and Siegel model, with the addition of a new exponential component to the forward rates curve, taking into account two additional parameters.

The loss ratio assumption used in the TAP is calculated for the period May 2014 to April 2018.

The test carried out as at September 30, 2018, found no inadequacies.

IRB Brasil RE regularly monitors its loss ratio, the combined ratio and the liability adequacy test, so as to ensure that its contracts remain technically and actuarially in balance.

(c) Legal provisions, contingent liabilities and contingent assets

Legal provisions for civil, labor, social security and tax litigation are reviewed regularly and booked according to the opinions of the Company's in-house legal department, our independent legal advisors and management on the probable outcome of each case, as at the balance sheet date. Legal provisions for civil proceedings of an operational nature are also calculated and booked for specific percentages, through an analysis of past experience of the outcome of similar cases, taking into account the ratio of amounts disbursed to cases closed which are won, or settled or lost, and the corresponding estimates of risk exposure. These percentages of probability of loss are applied to operational civil contingencies existing on the closing date of the consolidated financial statements.

Legal provisions for labor, social security and tax issues are booked as "other debits" in non-current liabilities. Civil contingencies are booked as "unsettled claims", in current liabilities. Estimated losses on civil and labor contingencies are monetarily adjusted, and interest is accrued at the rates which have been charged on similar cases in the past, taking into account their nature and the court where they are being heard. Estimated losses on tax and social security contingencies are adjusted and updated at the Selic rate. The corresponding court deposits, when required, are recorded as court and tax deposits in non-current assets, and adjusted at the Selic rate.

Contingent assets are assessed regularly to ensure that any changes are correctly reflected in the individual and consolidated financial statements. If it is practically certain that economic benefits will accrue, the asset and the corresponding gain are recognized in the individual and consolidated financial statements for the period in which the estimate is amended. If an inflow of economic benefits becomes likely, the Company reports the contingent asset.

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27.10 Current and deferred income and social contribution taxes

The provision for income and social contribution taxes is based on taxable income for the period. Taxable income is not the same as the figure shown in the statement of income, because it does not include revenues and expenses taxable or deductible in other periods, and it ignores permanently non-taxable and non-deductible items.

The provision for income and social contribution taxes is calculated individually, based on the rates in force at the end of the period.

Deferred income and social contributes taxes ("deferred tax") are recognized quarterly on temporary differences between the balances of assets and liabilities recognized in the consolidated financial statements and the corresponding tax bases used for calculating taxable income, including the balance of tax losses if any. Deferred tax liabilities are generally recognized on all temporary taxable differences, and deferred tax assets are recognized on all temporary deductible differences only when it is probable that the company will show taxable profits in the future in sufficient amounts for these differences to be used.

Recovery of the balance of deferred tax assets is reviewed at the close of each period, and when it is no longer likely that future taxable profits will be available to cover the entire asset balance, or part of it, the balance is adjusted to the estimated recovery value.

Deferred tax assets and liabilities are measured at the rates applicable in the period when it is expected that the liability will be settled or the asset realized, based on the rates indicated in the tax legislation in force at the end of each period, or when new legislation has been substantially approved. Currently the rates are 25% for income tax and 20% for social contribution. The measurement of deferred tax assets and liabilities reflects the tax consequences resulting from the extent to which the Company expects to recover or settle their book value at the end of each period.

27.11 Employee benefits

Each quarter an actuarial exercise is undertaken to calculate the amounts to be booked for liabilities for post-employment benefits. This exercise also determines the components necessary for calculating the portions to be recognized in income and in other comprehensive income, such as costs, actuarial gains and losses, interest etc. IRB Brasil RE's post-employment benefits include retirement benefits and others such as life insurance, healthcare plans and funeral allowances.

(a) Retirement benefits

For pension plans classified as defined benefits the Projected Unit Credit method is used to determine the present value of the obligations and their respective current and past servicing costs, as applicable.

For the variable contribution plan administered by PREVIRB, the sponsor's liability is represented by the amounts to be contributed during the period, in addition to the actuarial risk linked to the risk benefits.

The liability for retirement benefits, when recognized in the balance sheet, is the present value of the obligation for defined benefits, adjusted for actuarial gains and losses, the cost of services and interest costs, and benefits paid during the period.

(b) Other post-employment benefits

Healthcare plans, life insurance and funeral allowances may last for life or for a fixed period, as provided for by law.

Total liabilities under these plans is calculated actuarially in the same way as described above for defined benefits.

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27.12 Capital stock

Common and preferred shares are classified in shareholders' equity.

Incremental costs directly attributable to the issue of new shares or options are shown in shareholders' equity as a deduction from the amount raised, net of tax.

When the Company buys its own shares (treasury shares), the amount paid, including any directly attributable additional costs (net of income tax), is deducted from shareholders' equity until the shares are cancelled or reissued. If the shares are subsequently reissued, all amounts received, net of directly attributable additional costs and the effects of income and social contribution taxes, are added to the Company's shareholders' equity.

27.13 Dividends

The distribution of minimum mandatory dividends proposed by the Board of Directors is recorded as a liability under the heading of obligations payable, since this is a legal obligation under the bylaws; however any additional dividends proposed and declared by management after the end of the accounting period to which the consolidated financial statements refer, but not yet approved by the Shareholders' Meeting, are registered in shareholders' equity under the heading of proposed distribution of additional dividends.

27.14 Recognition of revenues

Revenues consist of the fair value of consideration received or receivable for the sale of products and services in the normal course of business. Revenues are shown net of cancellations.

The Reinsurer recognizes revenues when their value can be reliably measured; it is probable that future economic benefits will flow to the Company; and specific criteria have been met for each of the Company's activities, as described below. IRB Brasil RE bases its estimates on past results, taking into account the type of client, the type of transaction and the specific nature of each operation.

(a) Reinsurance premiums

Reinsurance premiums are booked as premiums issued when they have been accepted. Reinsurance premiums for current risks, but for which a contract has not yet been issued, are calculated actuarially.

In the case of optional reinsurance contracts the premium issued is taken to be the amount agreed between the parties to guarantee reinsurance cover, for the portion accepted by the reinsurer, for the period of validity of the risk.

In the case of automatic reinsurance contracts, the premium issued is calculated as follows:

- Non-proportional contracts - the premium issued is taken to be the amount agreed between the parties to guarantee reinsurance cover, for the portion accepted by the reinsurer, for the period of validity of the reinsurance contract.
- Proportional contracts - the premium issued is taken to be the amount estimated by the assignor for all the policies to be covered by the reinsurance contract while it is in force. This estimate is proportional to the percentage share of the reinsurer and weighted by a performance percentage determined by the reinsurer on the basis of experience. These premiums are adjusted each time the assignor renders accounts, normally on a quarterly basis.

(b) Revenue from dividends and interest

Revenue from dividends is recognized when the shareholder's right to receive them is established (provided that it is probable that future economic benefits will flow to the Reinsurer and the amount to be received can be reliably measured).

Revenue from interest is recognized when it is probable that future economic benefits will flow to the Reinsurer and the amount to be received can be reliably measured. Revenue from interest is recognized on a straight-line basis over time at the effective interest rate on the amount of principal outstanding. The effective interest rate is one that discounts receipts of future estimated cash flows during the estimated life of the financial asset, in relation to the initial net book value of this asset.

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27.15 Claims expenses and commissions

Claims expenses are booked on an accrual basis and are determined using concepts and assumptions defined in a technical actuarial note, as described in Note 27.9(a).

Commissions are deferred and amortized, except in the case of past risk transactions where commission is booked directly to income for the period, based on the period of validity of the reinsurance contracts. Commissions for current risks, but for which a reinsurance contract has not yet been issued, are calculated actuarially.

27.16 Statement of comprehensive income

Statements of comprehensive income are shown in a separate table. They consist of revenue and expense items (including reclassification adjustments) which are not recognized in the income statement as required by the CPC. An indication is given of whether or not they are potentially reclassifiable to income at a future time.

27.17 New standards, amendments and interpretations of standards

The following new standards and interpretations of standards were issued by the IASB to come into force on January 1, 2018.

IFRS 9/CPC 48 - In July 2014, the IASB issued the final version of IFRS 9 – Financial Instruments, to replace IAS 39 – Financial Instruments: Recognition and Measurement and all the previous versions of IFRS 9. IFRS 9 combines the three aspects of the accounting project for financial instruments: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods starting on or after January 1, 2018. With the exception of hedge accounting, it has to be applied retrospectively, but it is not mandatory to supply comparative information. The requirements for hedge accounting are generally applied prospectively, with a few limited exceptions.

In September 2016, the IASB issued amendments to IFRS 4/CPC 11 covering issues arising from the different effective dates of IFRS 9 and the new standard for insurance contracts (IFRS 17). In December 2017, the CVM issued CVM Resolution 788, introducing similar changes to CPC 11. SUSEP has so far not expressed an opinion on IFRS 9/CPC 48.

The amendments introduce two alternative options for the application of IFRS 9/CPC48 by entities issuing contracts under IFRS 4/CPC 11: one temporary exemption and one overlapping approach. The temporary exemption permits eligible entities to postpone the date of implementation of IFRS 9/CPC 48 to a year beginning before January 1, 2021, until when they may continue to apply IAS 39/CPC 38 for financial assets and liabilities. An entity may take advantage of temporary exemption from IFRS 9/CPC 48 if: (i) it has not previously applied any version of IFRS 9/CPC 48, other than the requirement to present gains and losses on financial liabilities designated at fair value through income; and (ii) its activities were predominantly related to insurance on the date of its annual report immediately preceding April 1, 2016. The overlapping approach allows an entity that is applying IFRS 9/CPC 48 to reclassify from the statement of income to other comprehensive income the amount obtained at the end of the period of the financial statements for designated financial assets, which gives the same result as if the insurer had applied IAS 39/CPC 38 to the designated financial assets.

An entity may apply the temporary exemption of IFRS 9/CPC 48 to annual periods beginning on or after January 1, 2018. The overlapping approach can start to be applied when IFRS 9/CPC 38 is applied for the first time.

In 2017, management assessed the effect of the amendments to IFRS 4/CPC 11 in the parent company and the consolidated accounts, and came to the conclusion that in both cases its activities were predominantly related to insurance on the date base as of December 31, 2015. There were no significant changes in the activities of the Company during 2016 or 2017 which would require a new assessment. Management verified that IRB Brasil RE meets the criteria for eligibility to temporary exemption under IFRS 9/CPC 48 and opted to postpone application of IFRS 9/CPC 48 until the effective date of the new standard for insurance contracts (IFRS 17). IRB Brasil RE has therefore decided to apply the temporary exemption under IFRS 9/CPC 48 and will continue to apply IAS 39/CPC 48 to its financial assets and liabilities as from January 1, 2018, until IFRS 17 comes into force.

IFRS 9/CPC 48 requires financial assets to be subject to an evaluation of the business model and a test of contractual cash flow named "Solely Payment of Principal and Interest" (SPPI), which refers to financial assets with contractual terms giving rise, on specified dates, to cash flows consisting exclusively of payment of principal and interest on the outstanding principal.

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The financial assets which do not pass the SPPI test will be measured at fair value through the income statement. For assets that pass the SPPI test, the business model is tested to determine the purpose of retaining the asset. The business model for financial assets is tested as follows:

- (i) Financial assets will be measured at amortized cost if they are held within a business model aimed at collecting contractual cash flows (the "Hold to collect" business model).
- (ii) Financial assets will be measured at fair value through other comprehensive income if they are held within a business model aimed both at collecting contractual cash flows and at selling the financial assets (the "Hold to collect and sell" business model).
- (iii) Financial assets will be measured at fair value through income if they do not meet the criteria for either the "Hold to collect" or the "Hold to collect and sell" business model.
- (iv) The entities also have the option of designating a financial asset as measured at fair value through income if this eliminates or significantly reduces an inconsistency of measurement or recognition (accounting inconsistency).

In order to create comparability between insurance companies that adopted IFRS 9/CPC 48 on January 1, 2018 and IRB Brasil RE, management, in accordance with the requirements for additional disclosure introduced by the amendments to IFRS 4/CPC 11, has analyzed all its financial assets with a view to identifying those with contractual terms that give rise, on specified dates, to cash flows consisting solely of payments of principal and interest on outstanding principal.

The table below shows separately the fair value at the end of the period of the financial statements and the amount of the change in fair value during this period for financial assets which passed the SPPI test and for the other financial assets, i.e. those which do not give rise, on specified dates, to cash flows consisting solely of payments of principal and interest on outstanding principal, satisfying IFRS9/CPC 48's definition of held for trading, or which are managed and assessed for performance on the basis of fair value.

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Fair value of financial assets at the end of the period

	Fair value as of September 30, 2018	Change in fair value from December 31, 2017 and September 30, 2018
Financial assets - SPPIs	9,683,188	(54,494)
Cash and cash equivalents	28,870	
Transactions credits		
Insurers and Reinsurers	4,740,632	
Notes from Credits receivable	101,915	3,721
Fixed Income Securities - Public		
Financial Treasury Bills (i)	3,247,764	(2,782)
National Treasury Notes	662,588	(55,001)
Financial Bills	52,667	(136)
Variable Income Securities		
Shares in Brazilian companies	28,850	369
Investments abroad	-	-
Fixed income securities (HSBC)	33,480	(665)
Fixed term deposits abroad (iv)	768,704	-
U.S. Treasury Securities Obligations of U.S.	7,367	-
Obligation of U.S. Government Corporations and Agencies	2,103	-
Non-U.S. Government	-	-
Short-Term Investments	1,799	-
Sec Issued by States & Terr.	1,054	-
Corporate Securities	5,395	-
Other financial assets	915,713	(5,334)
Investment Fund Units		
Repo transactions	350,360	-
Units in Exclusives Funds	92,189	-
Units in Non Exclusives Funds	24,380	-
Fixed Income Securities - Private		
Debentures	66,210	(15)
CDB	-	-
Trade Notes	1,071	(1)
Units in Real Estate Investment Funds		
Non-exclusive Real Estate Funds	56,646	1,369
Exclusive Real Estate Funds		
Investments abroad	-	-
Fixed Income Securities - Public	245,748	(4,364)
American Deposits Receipt (ii)	6,283	(2,323)
Units in Non-Exclusives Funds	72,826	-
Total	10,598,901	(59,828)

For all the financial assets which passed the SPPI test, Management assessed credit risk exposure, including significant credit risk concentrations. The following table shows these assets, classified by credit risk, and their respective book values, and also the fair value of those for which management considers credit risk to be greater than "low".

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Classification of the degree of credit risk

	Credit Risk	Book value as of September 30, 2018
Financial Assets - SPPIs		
Cash and cash equivalents		28,870
Transactions Credits		
Insurers and Reinsurers		4,414,643
	moderate	325,989
Notes from Credits receivable		101,915
Fixed Income Securities - public		
Financial Treasury Bills (i)	low	3,247,764
National Treasury Notes	low	662,588
Fixed Income Securities - private		
Financial Bills	low	52,667
Variable Income Securities		28,850
Investments abroad		
Fixed income securities (HSBC)	low	33,480
Fixed term deposits abroad (iv)	low	768,704
U.S. Treasury Securities Obligations of U.S.	low	7,367
Obligation of U.S. Government Corporations and Agencies	low	2,103
Non-U.S. Government	low	
Short-Term Investments	low	1,799
Sec Issued by States & Terr.	low	1,054
Corporate Securities	low	5,395

IFRS 15/ CPC 47 - "Revenue from Contracts with Customers" – This new standard contains the principles to be applied by a company to determine the measurement of this revenue, and when it is to be recognized. It came into force on January 1, 2018, and replaces IAS 11 - "Construction Contracts", IAS 18 - "Revenues" and the corresponding interpretations. The Company has completed its analysis and concluded that IFRS 15/CPC 47 had no material effect on the financial statements.

The following new standards were issued by the IASB but are not yet in effect for the year 2018. Early adoption of standards, although encouraged by the IASB, is not permitted in Brazil by the Accounting Pronouncements Committee (CPC).

IFRS 16/ CPC 06 (R2) - "Leases" – With this new standard, lessees will have to recognize a liability for future payments and the right to use the leased asset for practically all leases, including the previously classified as operating leases. Certain short-term contracts, or contracts for small amounts, may be exempted from this new standard. The criteria for recognizing and measuring leases in the financial statements of lessors are substantially unchanged. IFRS 16 will apply to years starting on or after January 1, 2019, replacing IAS 17 – "Leases" and the corresponding interpretations. The Company is assessing the impact of adopting this standard..

IFRS17 – "Insurance Contracts" – Issued by the IASB in May 2017. IFRS 17 defines clearly and consistently the accounting practices to be used by all insurers and reinsurers, and this is bound to increase comparability between their financial statements in different countries. The possible effects of applying IFRS 17 on financial statements and performance indicators of insurers and reinsurers are being assessed.

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The basic model of IFRS 17 requires insurers and reinsurers to measure their insurance contracts initially at the total amount of estimated cash flow, adjusted by the value of money over time and by the explicit risk related to the non-financial risk, in addition to the contractual margin for the service. This estimated value is then measured again at each balance sheet date. Unrealized earnings (corresponding to the contractual service margin) are recognized over the period of cover contracted. In addition to this general model, IFRS 17 describes how to allocate premium with a view to simplifying the process. This simplified model applies to certain insurance contracts, including those for periods not exceeding one year. In the case of direct participation insurance contracts, the variable commission approach applies. This approach is a variant of the general model.

Under the variable commission approach, the insurer's share in changes in fair value of underlying items is included in the contractual service margin. As a consequence, changes in fair value are not recognized in income in the period in which they arise, but over the remaining life of the contract.

IFRS 17 applies to reporting periods starting on or after January 1, 2021. It may be applied retrospectively, according to IAS 8 - Accounting Policies, Change of Estimates and Error Rectification, but it also provides for the "modified retrospective approach" and the "fair value approach", depending on the availability of information. The Company is assessing the overall impact of adopting this standard.

There are no other IFRS standards or IFRIC interpretations still to come into force which are likely to have a significant impact on the Company's consolidated financial statements.

28 Critical accounting estimates and assumptions

Critical accounting policies are those which are important for presenting the Company's financial condition and results. Some of these policies require more subjective or complex judgment on the part of management, often because of the need for estimates affecting issues that are inherently uncertain.

These judgments become more subjective and complex as the number of variables and assumptions increases.

In preparing the individual and consolidated financial statements, the Reinsurer has adopted variables and assumptions based on past experience and various other factors which we believe to be reasonable and relevant. Significant items which are valued on the basis of estimates include: securities valued at market value, provisions for adjusting assets to realization or recovery value; premium revenues and the corresponding selling expenses for current risks for which policies have not yet been issued, technical provisions and provisions for amounts being argued in court. We would draw special attention to the use of estimates in valuing the reinsurance liabilities described in item (a) below, the estimates and judgments used in valuing provisions for the tax, civil and labor contingencies described in item (b), the estimates used for calculating impairment of financial assets described in item (c), the estimates of fair value of financial instruments, described in item (d), and the estimates and judgments used to determine retirement benefits, described in item (e) below.

Changes in these assumptions, or the extent to which they differ from reality, can affect current estimates and judgments. These estimates and assumptions are reviewed periodically. Revisions of accounting estimates are recognized in the period when they take place and in the future periods affected.

(a) Estimates and judgments used in valuing reinsurance liabilities

The most critical accounting estimates used in preparing the Reinsurer's consolidated statements, in compliance with the CPC, are those for calculating our reinsurance liabilities. There are several areas of uncertainty that have to be taken into account in estimating the liabilities which the Reinsurer will ultimately have to settle. A sensitivity analysis for this critical estimate is shown in Note 2.4.3.

Critical assumptions for the Liability Adequacy Test are the forward interest rate structure used to discount current estimates of cash flows to present value, and the loss ratio estimates used for future claims flows.

Based on the Company's information and experience, the actuarial team defines assumptions which provide the best estimate of the liabilities to be booked. These estimates are reviewed regularly in order to ensure that when the Reinsurer's liabilities are settled the actual amounts differ as little as possible, from a statistical/actuarial point of view, from the amounts initially booked.

(b) Estimates and judgments used in determining provisions for tax, civil and labor contingencies

The Reinsurer is a party to labor, tax and civil lawsuits outstanding on the date of preparation of the consolidated financial statements. The Reinsurer determines and registers accounting estimates on the basis of the opinions of its specialist legal counsel, the progress of the cases and the status of judgment of each individual case. The Reinsurer also uses its best judgment on these cases.

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(c) Estimates used for calculating impairment of financial assets

The Reinsurer applies the rules for calculating impairment of financial assets measured at amortized cost. The Reinsurer uses a high degree of judgment in this area to determine the level of uncertainty associated with the realization of estimated contractual flows of financial assets, principally premiums receivable.

The Reinsurer follows the guidelines of CPC 38 - Financial Instruments: Recognition and Measurement to determine whether a financial asset available for sale is impaired. This process requires a significant level of judgment. In making this estimate, the Reinsurer considers a number of factors including the length of time and the amount for which the fair value of an investment is lower than its cost, and the financial health and short-term outlook for the counterparty's business, bearing in mind the performance of the sector and the segment and operating and financial cash flow.

(d) Estimate of fair value of financial instruments

As described in Note 2.8, the fair value of quoted financial instruments is based on current trading prices. For financial assets where there is no active market or public quotation, fair value is established using valuation techniques. These techniques include the use of recent deals arranged with third parties, reference to other instruments which are substantially similar, discounted cash flow analysis and pricing models which use as much market information as possible and as little input as possible from the Company management itself. Note 6 gives details of the key assumptions used in determining fair value of financial instruments, and of a sensitivity analysis of these assumptions.

(e) Estimates and judgments to determine retirement benefits

The cost of defined-benefit retirement plans and the present value of retirement liabilities are determined using actuarial methods of valuation. Actuarial valuations involve the use of assumptions on discount rates, expected rates of return on assets, future salary increases, mortality and disability rates, and future increases in retirement benefits and pensions. Defined benefit liabilities are highly sensitive to changes in these assumptions. All the assumptions are reviewed at the end of each reporting period. To determine the appropriate discount rate, management takes into account risk-free interest rates. The mortality rate is based on the mortality tables published in Brazil. Future increases in salaries and retirement and pension benefits are based on the inflation rates forecast for the country. Sensitivity analyses of these critical estimates are shown in Note 26, with more details of the assumptions used.

* * *

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Rodrigo de Valnisio
Actuary
MIBA 1573

OPINION OF THE FISCAL COUNCIL

IRB-Brasil Resseguros S.A.

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The FISCAL COUNCIL OF IRB-BRASIL RESSEGUROS S.A., exercising its legal and statutory duties, has examined the interim individual and consolidated accounting information of IRB Brasil RE, contained in the Quarterly Information Form – ITR, for the quarter ended September 30, 2018. On the basis of this examination and in the light of the unqualified review report of PricewaterhouseCoopers Auditores Independentes, dated October 29, 2018 we are of the opinion that these documents fairly reflect the equity situation, financial position and business activities of the company for the period, in accordance with the provisions of Article 25 of CVM Instruction 480 of December 7, 2009.

Rio de Janeiro, October 29, 2018

Haydewaldo Roberto Chamberlain da Costa
Chairman

Reginaldo José Camilo
Councillor

Líscio Fábio de Brasil Camargo
Councillor

IRB-Brasil Resseguros S.A.

Notes to the Quarterly Information - ITR as at September 30, 2018

In thousand of Reais, except where otherwise indicated

OPINION OF THE AUDIT COMMITTEE

The AUDIT COMMITTEE OF IRB-BRASIL RESSEGUROS S.A., exercising its legal and statutory duties, has examined the interim individual and consolidated accounting information of IRB Brasil RE, contained in the Quarterly Information Form – ITR, for the quarter ended September 30, 2018. On the basis of this examination and in the light of the unqualified review report of PricewaterhouseCoopers Auditores Independentes, dated October 29, 2018, we are of the opinion that these documents fairly reflect the equity situation, financial position and business activities of the company for the period, in accordance with the provisions of Article 25 of CVM Instruction 480 of December 7, 2009.

Rio de Janeiro, October 29, 2018

Nelson Machado
Chairman

Werner Romera Süffert
Member

Paulo Fontoura Valle
Member

Adriana Queiroz de Carvalho
Member

IRB-Brasil Resseguros S.A.

Notes to the Quarterly Information - ITR as at September 30, 2018

In thousand of Reais, except where otherwise indicated

OPINION OF THE BOARD OF DIRECTORS

The BOARD OF DIRECTORS OF IRB-BRASIL RESSEGUROS S.A. has reviewed the interim individual and consolidated accounting information of IRB Brasil RE, contained in the Quarterly Information Form – ITR, for the quarter ended September 30, 2018, which was the subject of an unqualified Report by PricewaterhouseCoopers Auditores Independentes, the favorable opinion of the Fiscal Council and the favorable opinion of the Audit Committee, and has concluded that all the documents examined are accurate and unanimously approved them.

Rio de Janeiro, October 29, 2018

Otavio Ladeira de Medeiros
Chairman

Oswaldo do Nascimento
Board member

José Maurício Pereira Coelho
Board member

Flavio Eduardo Arakaki
Board member

Ney Ferraz Dias
Board member

Helio Lima Magalhães
Board member

Édson Soares Ferreira
Board member

Raimundo Lourenço Maria Christians
Board member