



ASSURANT®

10 YEARS IN BRAZIL

Sectorial Report | 2011



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Rating de Seguros






The company Rating de Seguros was created 10 years ago, having specialized in performing economic studies and analyses on the Brazilian insurance market. Among its customers are the biggest companies of the sector (insurance companies, brokers, union entities, etc.). Its website, with various studies available for free to the public, has an average of 8 thousand visits/month.


Methodology

This study is intended to express an opinion on the management and risk levels of this insurance company, from the quantitative and qualitative analyses of its economic data - public and internal - already previously audited and inspected, by an outsourced company and by the public power.

Depending on the conclusion reached, the situation is qualified in seven different possibilities, according to the standard of the table below:

Qualification

 Blue (Very good)	 Yellow (Regular)
 Green* (From good to very good)	 Red* (From deficient to regular)
 Green (Good)	 Red (Deficient)
 Yellow* (From regular to good)	



Despite the details of the criteria used, this work is not to be interpreted as a guarantee of solvency or indication of performance (or rupture) of any agreement, whether with the assessed company or others.

We stress that, despite all efforts possible have been made in this study, we cannot be held responsible for the full correctness of any information provided for herein.

A) Rating Evolution

	Color (Rating)	Qualification
December / 2011	Blue	Very Good

B) Main Features

- The company is a subsidiary of Assurant Inc., a large international insurance company, which grants additional financial and operational safety, in addition to vast experience in the specific markets and products with which it performs.
- In Brazil, the first years of performance of Assurant were marked by high investments in structure, personnel and technology, thus affecting its results in this initial period. Now, the company's results are already very favorable.
- Assurant sees in economic stability, in the greater and growing credit offer to the consumer, in the expansion of the retail market, and in the economic growth of the country some of the opportunities to grow in the business and segments wherein it is an expert.
- The company has a good image with its partners and throughout the market. This fact is proven by the awards it receives and by the quality and satisfaction researches carried out periodically.



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Report



1. Institutional - World

A Company of Group: Assurant Seguradora S. A.

Headquarters: Alameda Rio Negro, 585, 3º andar, Edifício Demini, Barueri-SP.

Phone: (011) 4197-9400

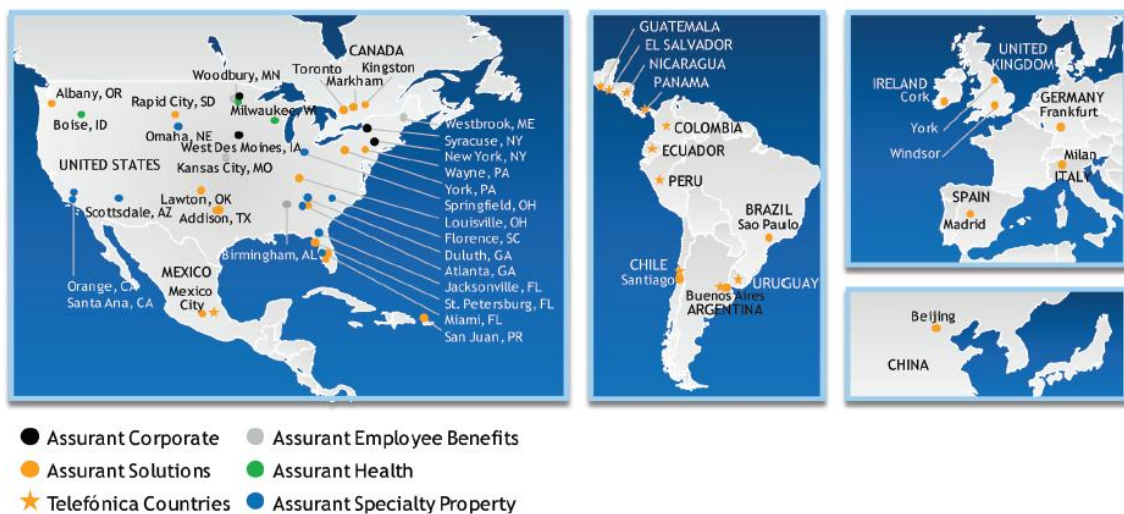
Website: www.assurant.com.br

External Auditors: Pricewaterhouse Coopers Auditores Independentes

In international terms, Assurant Seguradora belongs to the North-American group Assurant Inc., with worldwide performance. With 14.5 thousand employees, present in 13 countries in North America, South America, Europe and Asia, Assurant Solutions has alliances with clients leaders in their markets, with the offer of products and services of high benefit aggregated through customized Financial Services programs, thus strengthening its relationship with its clients, and, also, its financial results. In chart 1, its geographic distribution.

Chart 1

Assurant Inc. throughout the world





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Assurant Solutions is one of the four companies of Assurant INC, being the other three: Assurant Specialty Property, Health and Benefits. Internationally, its range of products offered is varied, including dental insurances, health insurance and in the area of benefits for employees.



In table 1, an evolution of the group's main figures:

Table 1 - Assurant INC in millions				
Indicators	2008	2009	2010	2011
Total Income (FT)	8,601	8,701	8,528	8,273
Premiums earned (PG)	7,925	7,550	7,403	7,125
Net Profit (LL)	448	431	279	546
Net Equity (PL)	3,710	4,853	4,781	5,026
LL/PL	12.1%	8.9%	5.8%	10.9%
PL/PG	46.8%	64.3%	64.6%	70.5%

With an income (Total Premiums) between USD 8 billion and USD 8.5 billion, its evolution is positive in the period.

Chart 1 contains the behavior of such trajectory.



Regarding profitability, the evolution also is favorable, always positive in the latest years, as per chart 2.



This favorable evolution allows the company to have good assessments of international risk assessment companies, as indicated by table 2.



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Table 2 - Risks Assessment Notes - Assurant Inc.

Risks Evaluators	Financial Strength Notes
AM Best	Excellent
S&P	Strong



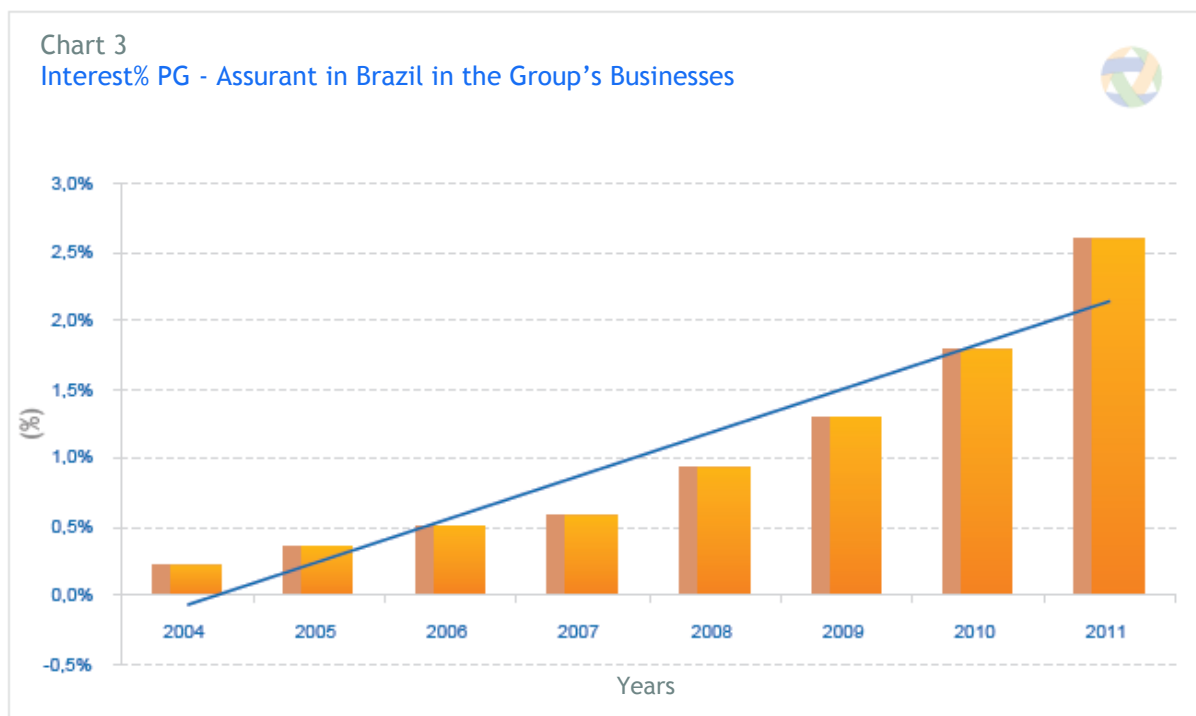
2 - Institutional - Brazil

In Brazil, the company operates since 2002, with a good growth route, operated in a massified manner, overall, in financial protection insurances, extended guarantee, card loss and theft, robbery and theft of devices (cellular phone, notebook, tablet) and personal accidents.

Currently, it counts on a portfolio with over 60 corporate clients, which, together, consolidate over 12 million active insured parties.

Among its clients, we can mention financial institutions, large retail networks, telephone companies, electric power, concessionaires and automakers.

Chart 3 contains the business interest of the insurance company in Brazil (in Premiums Earned), due to the whole group's businesses. In 2011, that amount was almost 2.6%, compared to 0.2% in 2004.





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In table 3, the main parameters of its performance in the country:

Table 3 - Mission and Values - Assurant Seguradora	
Parameters	Features
Mission	Being the best provider of insurances solutions and services for our clients and insured parties.
	Providing the feedback demanded for our stockholders.
	Being the best place for our associates to work at.
Values	Common sense, honest behavior, creative thinking and extraordinary results - all that helps us in accomplishing our mission and our vision. And it extends not only to relationships with clients, but also to relationships of our employees.
	Products and services touch the lives of individuals in health and illness, life and death, in physical disability and rehabilitation.
	Considering it all, in all that is made, employees remember that individuals count on the company's performance. Employees act with integrity. We are open to changes, focused on urgency and always perform with excellence (ICUE).

For the client, the company brings the following value proposal for its partners (Table 4):

Table 4 - Value Proposal - Assurant Seguradora	
Parameters	Features
Basic Concepts	Reinforcing the partner's sales culture
	Supporting store managers and teams
	Ensuring the offer to the client
	Managing Risk
Benefits for the Partner	Increasing revenue/profit
	Team qualification
	Client services portfolio
	Clients loyalty
	Know-how in financial services

This fact led the company to public recognition. Table 5 contains more details on recent awards received by the insurance company, emphasizing those measuring the performance of its specialty: Financial protection.

Table 5 - Recent Awards - Assurant Seguradora
Features
Prêmio Seguradora Brasil 2009 - Best Financial Performance under 1.5 million - Prestamista
8 th and 9 th Prêmio ABRASA (Associação Brasileira de Serviços de Assistência)
Prêmio Ouro - Case “GVS” - Total Integration with the Services Network - 2009 and 2010
XII - Prêmio Cobertura 2009, Best Extended Guarantee Insurance Performance





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3 - Economic and Financial Analyses

3.1 - Evolution

Operating since 2002 in Brazil, the insurance company has had a growing revenue trajectory.

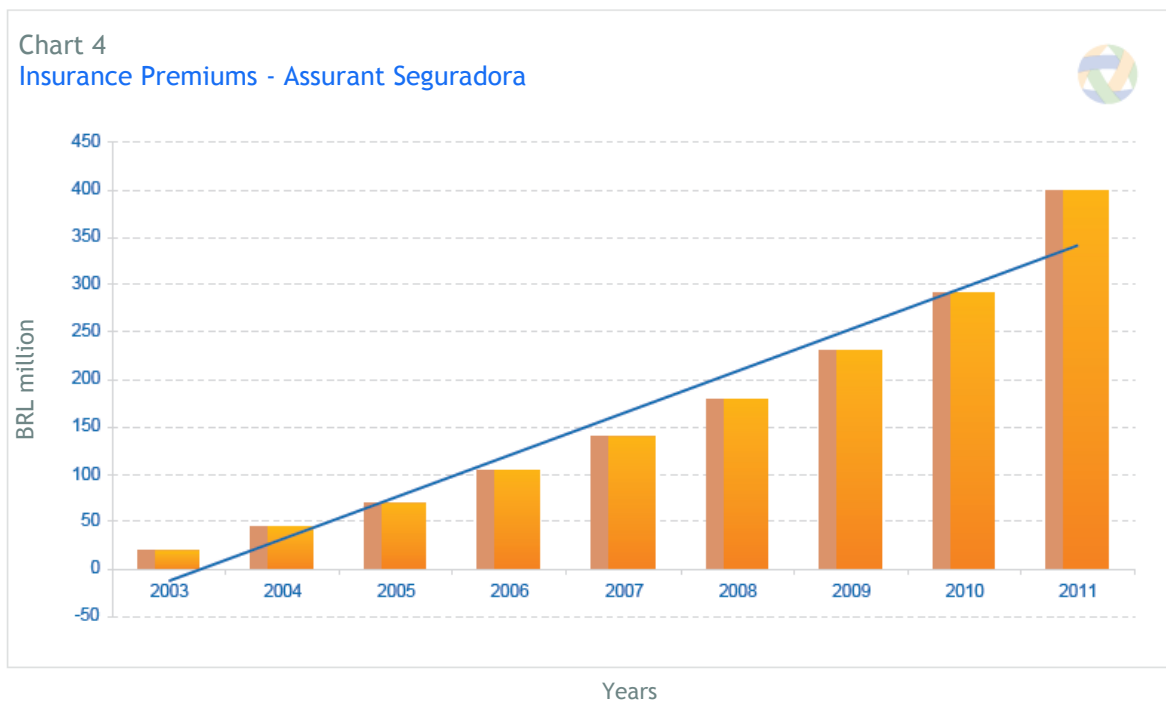
Table 6 contains the percentage of compositions of the insurance company's branches. In the analysis of the numbers, the main branch of the company is still guarantee extension, followed by the prestamista branch.

Table 6 - % Composition of the Branches - Assurant Seguradora

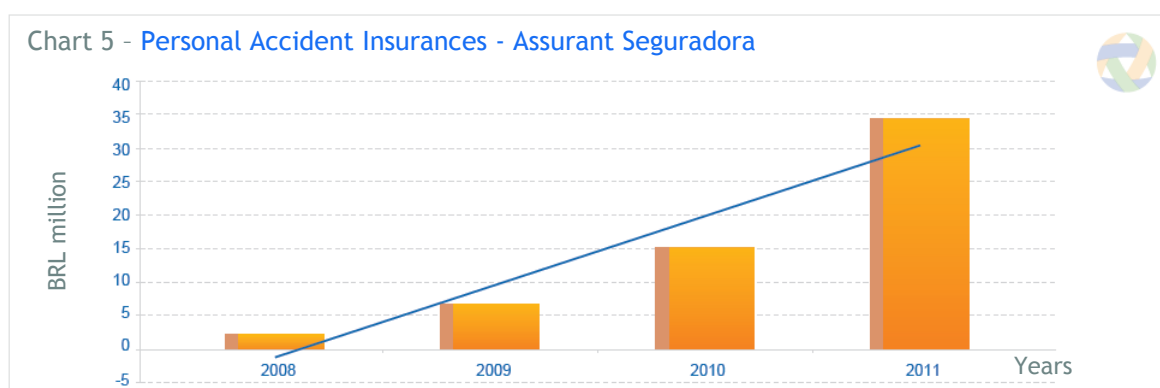
Branches	2008	2009	2010	2011
Warranty Extension	51%	46%	48%	47%
Prestamista	37%	40%	36%	36%
Various Risks	10%	11%	11%	8%
Personal accidents	1%	3%	5%	9%
Other Branches	1%	0%	0%	0%
Total	100%	100%	100%	100%

Chart 4 contains the company's revenue evolution in the latest years. Variation is expressive - from a plateau of BRL 20 million in 2003 to almost BRL 400 million in 2011.

Chart 4
Insurance Premiums - Assurant Seguradora



In the latest years, two branches (personal accidents and extended insurance in the motor vehicles area) stand out. For instance, the evolution of personal accident insurances (Chart 5).



3.2 - Total Profitability

Table 7 contains an evolution in the accounting data of Assurant in Brazil.

IN 2011, an important fact was the accounting change of the insurance companies, as determined by Susep and according to the IFRS standards, making some historical analyses more difficult.

Considering that, the full data exposed are only retroactive to the latest two years.

Variables	2010	2011
Premiums Earned (PG)	242.6	309.0
Casualties Occurred (SO)	(14.1)	(24.6)
Acquisition Costs (CA)	(173.2)	(203.9)
Other Rev. / Operational Exp. (ORD) *	(10.5)	(11.9)
Reinsurance Result (RR)	(0.1)	(0.4)
Administrative Exp. + Taxes (DA)	(51.3)	(73.6)
Investments Res. (RI)	22.8	29.9
Operational Result (RO)	16.2	24.5
Active and Current Gains (GNC)	(0.1)	0.0
Results before Taxes	16.1	24.5
Taxes and Interest (T)	(4.9)	(4.5)
Net Profit (LL)	11.2	20.0
Net Equity (PL)	200.9	212.4



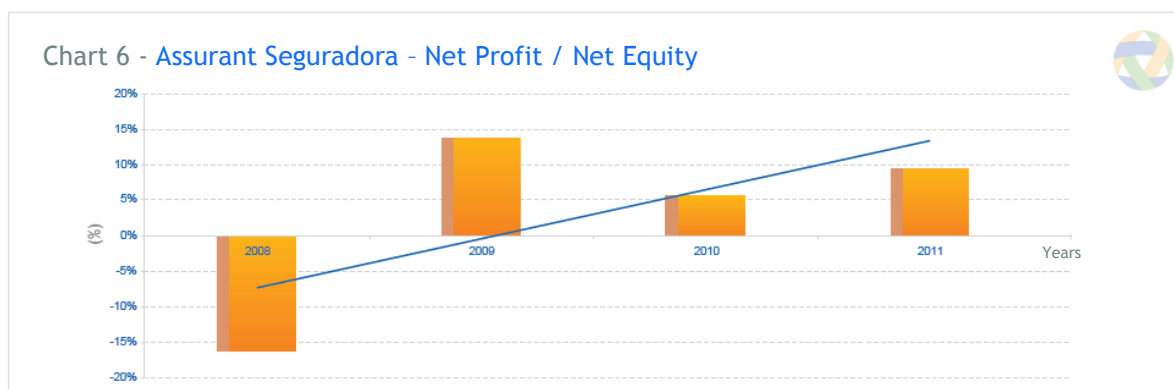
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Table 8 contains the following related indicators.

Table 8 - Profitability Economic-Financial Indicators		
Company Indicators	2010	2011
PG/PG	100.0%	100.0%
SO/PG	-5.8%	-8.0%
CA/PG	-71.4%	-66.0%
ORD/PG	-4.3%	-3.9%
RR/PG	0.0%	-0.1%
DA/PG	-21.1%	-23.8%
RI/PG	9.4%	9.7%
RO/PG	6.7%	7.9%
Company Indicators	2010	2011
LL/PL	5.5%	9.4%
LL/PG	4.6%	6.5%

Another point is that, in its first years of performance, the insurance company needed to make significant investments in its structure, technology and personnel. This phase is passed, as one can see through chart 6, assessing the company's profitability.



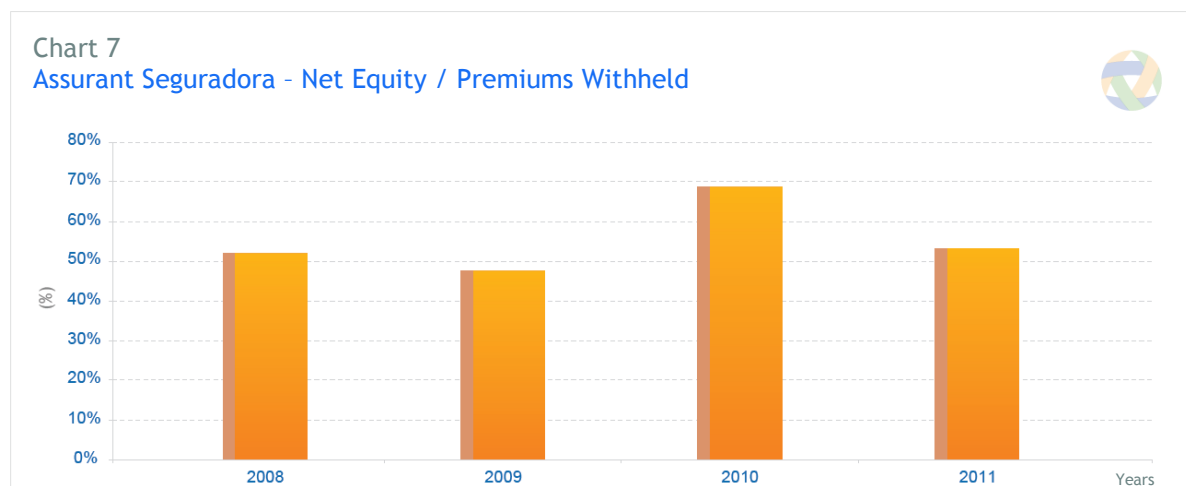
3.3 - Capitalization and Liquidity

Table 9 presents various data and indicators of Assurant, regarding its levels of capitalization and liquidity.

Table 9 - Capitalization - Data and Indicators	BRL million			
Accounts	2008	2009	2010	2011
Premiums Withheld (PR)	178.7	229.5	291.6	399.0
Casualties Withheld (SR)	30.2	9.4	14.1	24.6
Net Equity (PL)	93.1	109,5	200.9	212.4
Permanent Assets (AP)	5.2	4.6	9.8	4.9
Indicators	2008	2009	2010	2011
PL/PR	52.1%	47.7%	68.9%	53.2%
PL/SR	308.3%	1164.9%	1424.8%	863.4%
AP/PL	5.6%	4.2%	4.9%	2.3%
Criteria: PL: Net Equity; PR: Premiums Withheld; SR: Casualties Withheld; AP: Permanent Assets.				

Profits accrued and capital investments rendered these indicators favorable with time. For instance, the PL/SR indicator, which indicates the company's capitalization level.

Chart 7 signals this situation, in indicator Net Equity/Premiums Withheld, with margins above the necessary standards demanded by the country's inspection agencies.



4 - Structural and Strategic Aspects

4.1 - Corporate Governance and Internal Controls

The company, in the latest two years, structured its controls area with the creation of a risk area in 2010, a compliance area in 2011 and the restructuring of its Legal area.

Assurant follows the 5 pillars of the COSO (Committee of Sponsorship Organization): Control Environment, Risk Assessment and Generation, Control Activities, Information and Communication and Monitoring. Below, table 10 contains the five pillars of the COSO that were/are being implemented in the company.

Table 10 - Pillars - Corporate Governance and Controls	
Pillars	Description
Control Environment	Development and creation of a regulatory and controls culture within the company.
Risk assessment and management	The main critical processes of the company were mapped, their risks identified and new controls created (or old controls were reviewed).
Control Activities	In addition to the risks of the critical processes having been identified and controlled, Assurant also has defined competence policies, function segregation processes, continuity plans tested, regulatory fulfillment (local laws and regulations), among others. Assurant also has structured Internal Committees, such as the Directive Committee, Business Risk & Compliance Committee, Business Committee, MEDUC - Business Risk Committee.
Information and Communication	Daily regulatory information is sent to directly related employees. In addition to that, some areas actively participate in monthly external commissions of Federação Nacional de Seguros (FenSeg and CNSeg), such as the Comissão de Controles Internos, Garantia Estendida, CAF - Finanças, and also public hearings with the Autarchy.
Control Monitoring	The company has an internal audit located in Miami, with has five auditors for Latin America. Three times a year, this group of individuals performs audits of controls, financials, casualties, among others. Additionally, in fulfillment of Susep Circular No. 249/2004, risk flows and matrixes are updated with all responsible on a bi-annual basis.

In addition to the controls above, in 2011, Assurant implemented procedures to ensure that the insurance operations carried out with the company were not involved in money laundry, fraud and terrorism funding operations. New processes and trainings were developed.

The company also follows the Assurant group's guidelines regarding the Ethics Code, Function Segregation and FCPA (anti-corruption) policy.

4.2 - Strategic Management

All these benefits are reached due to strategic management. Thus, table 11 contains the main characteristics of this aspect.

Table 11 - Features - Strategic Planning	
Topics	Description
Training	Development of content with the internal training team and customized contents.
	Application of training, with specialized instructors, with various types of application (personal, through intranet, or through the "Portal Avante").
	Results follow-up with field team and reaction assessment.
Point-of-sale material	The program provides for the supply of POS materials, such as banners, certificates, flyers, displays, take-ones, shelf fronts, stickers or any other material of importance to the sale.
Encouragement campaigns	Reasons for the use of campaigns in strategic management. Ease of measurement of results; cost-benefit ratio; Possibility of interactivity; loyalty; communication and relationship channel; positive results even after the end of the campaigns.
Consultancy	The company offers the opportunity of implementing a consultancy process called Retailing, with the purpose of developing a more profitable business model and identifying opportunities in the model of sales and management of financial products in the partner's stores network.
Market intelligence	As market intelligence strategy, the company has: SIM - Marketing Information System (sales/customer service); Market comparatives (penetration/average ticket/casualties/among others); profoundness in performance analysis per product line/store/seller/regional.



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4.3 - Operations

In the operational and customer service area, the company maintains available to its clients a Service Central with a toll-free telephone line, of the “0800” type. Table 12 contains more features:

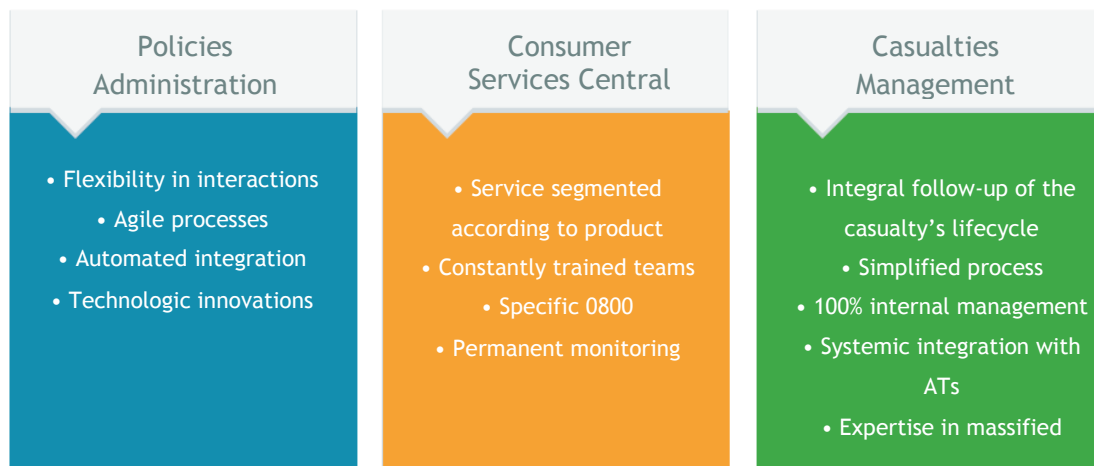
Table 12 - Some Features - Services Central

Description
• Clarify doubts on the insurance.
• Opening of casualties.
• Support to partners' business teams.
• Special Services Central for bearers of hearing and speaking deficiency.
• Structure for the service of casualties, from 8 am to 8 pm, from Monday through Saturday.
• 24/7 Customer Service.

Chart 2 contains the company's back-office structure.

Chart 2

Back-Office Structure - Assurant Seguradora







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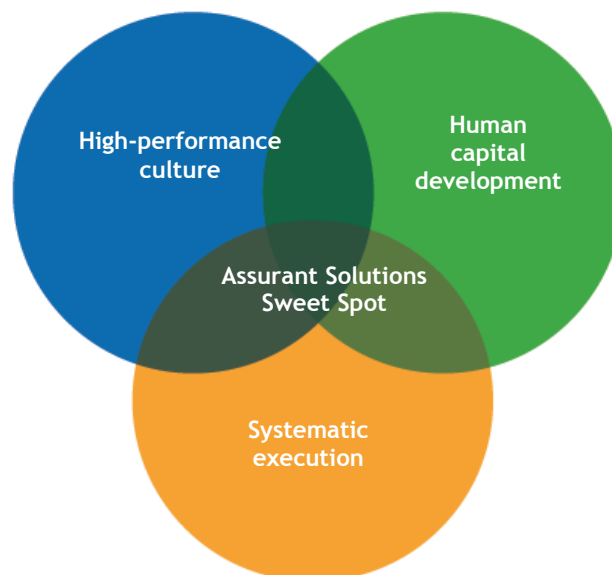
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4.4 - Human Resources

Assurant has continuously invested in the development of its human capital, acknowledging and rewarded through a meritocratic system, always encouraging protagonism among our associates and the construction of a high performance engaged environment. This journey of business expansion and growth is the result of a people management strategy concentrated in the following pillars: (i) clear goals for all levels of the company, (ii) fast and effective communication, and (iii) systematic execution.

Chart 3 contains the people management strategy:

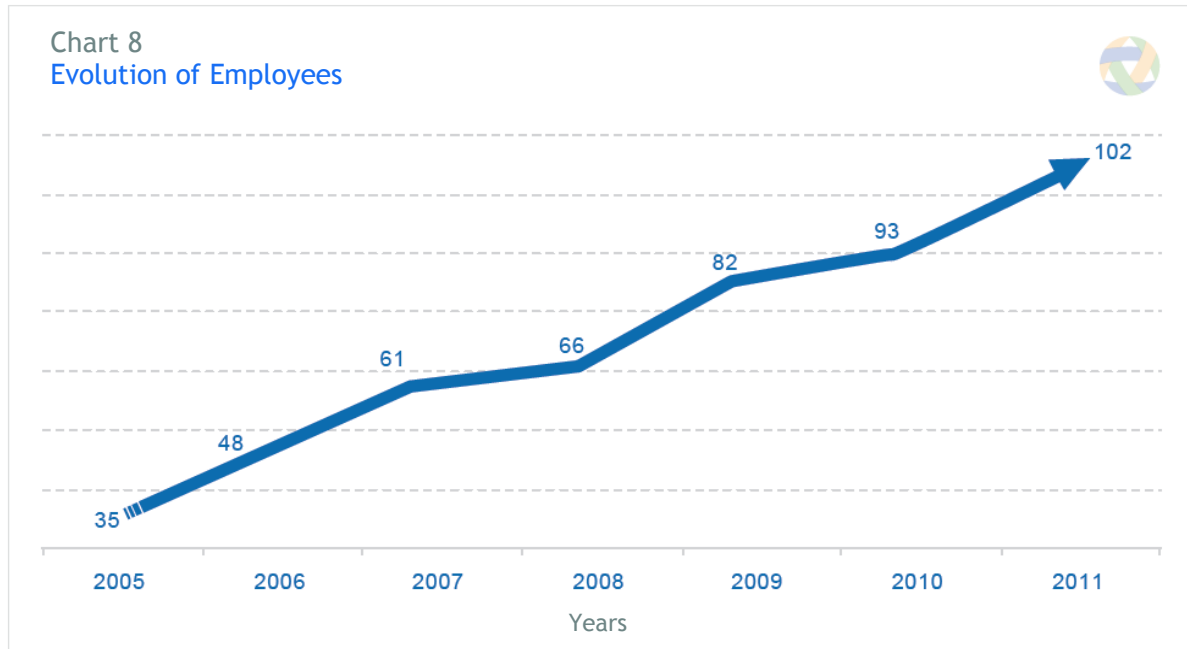
Chart 3
Strategy - People Management



In 2011, the company participated, for the second consecutive year, in the research “As Melhores Empresas em Gestão de Pessoas” [Best Companies in People Management], carried out by AON Hewitt in partnership with newspaper Valor Econômico, and reached the index of 90% engagement, 14 percent above the previous year.

The goal is to, through a more directive and participating leadership, promote more strongly the high-performance culture, focusing on a position among the best companies in people management in Brazil. The continuous growth in the employments board is due to the investment in new markets and the promotion of an engaged working environment.

Chart 8 contains the evolution of employees.



One of the most important initiatives of 2011, which helped Assurant promoting the continuous development of its employees, was the release of the Next Generation Of Leadership (NGL) program. The NGL is an international 5-week leadership development program, with the participation of the company's main executives, wherein our leaders are encouraged to develop strategic thinking, increase execution speed and produce uncommon results, sharing best practices and promoting our regional vision.

The company believes that these initiatives enrich the continuous search for excellence.



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4.5 - Products and Services

In the company, insurances of financial protection, personal accidents, robbery or theft of cellular devices, loss or theft of cards and extended warranty of household appliances, furniture and motor vehicles are marketed.

Table 13 presents the main features of products and services offered by the insurance company Assurant do Brasil.

Table 13 - Products and Services Offered - Main Features	
Products	Features
• Financial protection insurance (or prestamista)	• Ensures the payment of installments (or even settlement of financing) of a debtor balance in the occurrence of unforeseen events.
• Robbery and theft insurance: Cellular, notebook, tablet	• Ensures the repossession of a device, in case of robbery or theft.
• Loss or theft insurance of credit card	• Protection for the consumer in the event of loss or theft of credit card, guaranteeing against operations made by third parties.
• Extended warranty for new and semi-new motor vehicles	• In addition to factory warranty, it is possible to contract up to 2 additional years of guarantee, with factory original parts and services.
• Extended warranty for electro-electronic devices and furniture	• The consumer counts on an extra period of coverage for the asset purchased.
• Daily income by hospital admission	• Offers an income to the insured party in case of disability due to an accident.
• Personal accidents insurance	• Life or personal accidents coverage.
• Other coverage	• Products combined to coverage and differentiated services, such as: Raffles, funeral aid, 24-hour domiciliary aid, 24-hour vehicles aid, basic baskets, discounts in medicines, among others.
• Consultancy and training	• Specialized training for sales teams to provide the best service to the consumer and to present the correct sales approach.

Assurant Solutions S/A
Al. Rio Negro, 585 - 3º andar - Edifício Demini
Barueri - SP - Brazil
CEP 06454-000
Phone: +55 11 4197-9400
www.assurant.com.br