

# yearly report 2012



Another cycle comes to an end, full of accomplishments.

New ideas and projects are started, opening many possibilities.



## **2012 finishes another year of accomplishments and achievements for Porto Seguro.**

Porto Seguro feels itself once more accomplished by completing this balance sheet. New products were launched, new initiatives, campaigns and actions became true, meeting even better the needs and desires of our relationship audiences.

In 2012, we developed and improved the relationships with all the “stakeholders” through new programs, benefits, continued trainings and improvement in market and investors relationships.

In the sustainability area, we have increased the acting and scope of social, environmental and cultural projects, besides having created new experiences.

Therefore, another cycle comes to an end. And together with it, the bases for a new promising year, that keeps leading the company to a sustainable and safe future, with new cycles that will feed and strengthen our trajectory and brand recognition.

We wish to share with you, through this yearly report, the accomplishments achieved and share the reflection of such achievements in all the areas of the company, in the market and in the society.

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# message of the president

In 2012, the Brazilian economy presented a scenario with some difficulties, resulting in the deceleration of growth and increased inflation. However, the growth of the insurance business (not taking into account the Health segment) was 23% higher than 2011, ratifying the strength of the sector. The performance of the insurance market was three (3) times higher than the GDP in the last 10 years.

Porto Seguro, with the strategy of segmentation through the brands Porto Seguro Seguros, Itaú Seguros de Auto e Residência and Azul Seguros to meet different profiles of customers and needs, has been achieving results, with focus on the quality of services, and in the relationship with Customers, Insurance Brokers and Partners. Our pricing model has been resulting in an occurrence of incidents historically lower than the market. Moreover, the implementation of innovative solutions and the business model of services synergistic to insurance have increased the loyalty of customers.

In the year 2012, we achieved a 17% ROAE, regardless an year marked by intense competition in the industry, specially in the car segment.

Our strategy was focused on the recomposition of margins and, even so, we managed to grow in all businesses.

The premiums accrued were 13% higher and the full revenues have grown 14%, reaching 11.5 billions of Reais, with a highlight for Azul Seguros car products, presenting a 29% growth.

The operating performance of insurance was better than in the previous year, the combined index reached 99%, a result rising out specially from our efforts for the reduction of incidents and administrative expenses.

Investments made on the optimization of processes, in the implementation of systems and adjusts in our management models, more adequate to the rationalization of costs, facilitated the reduction of expenses. The index of administrative expenses was nearly 1 p.p. lower in the year 2012, reaching 16.6%. The financial side has also contributed to improve our profitability, enabling us to reach a 167% increase in Interbank Deposit Certificates (CDI, in the Portuguese acronym).

# message of the president



**Fabio Luchetti**

Presidente of Porto Seguro

In other businesses, that are not insurance, the revenue grew almost 40%, boosted specially by the Credit Card and Financing operations, which were increased in more than 50% per year.

The profit share in other businesses represented 15% of the total profit of the company, with 3 p.p. increase, even considering the initial expenses of new businesses: MVNO Telefonía Celular, Serviços Avulsos and Portomed.

The operating structure was increased with the development of more automotive centers and centers of services to incidents, providing more convenience to customers.

Other than that, we established new branches, reinforcing the commercial structure, aligned with our goal for growth of the company in several regions of the country. We started the activities of Porto Seguro Serviços Avulsos, paid convenience services offered to customers and not customers, and the medical care units Portomed, with 13 practices for our policyholders, with the purpose of optimizing the control of expenses.

With all of that, we should only thank to all Insurance Brokers, Employees, Providers and Partners who worked with dedication and commitment throughout 2012.



# institutional

Each year, our challenges are renewed.  
And, our beliefs and  
principles are reinforced.

institutional

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Each year that is finished, we may share our accomplishments with you.

This look into what was made drives Porto Seguro to strive to keep its commitment with innovation, creativity and differentiation. And it encourages us to keep renewing, looking for new possibilities, to reinvent ourselves day by day. And as the solid bases that support us in this direction, there are our mission, vision and philosophy.



## mission

Our mission is to take on risks and provide services, through a familiar service that overcomes expectations, ensuring agility at competitive costs, with social and environmental responsibility.

## philosophy

The Porto Seguro Corporation is the set of people made up by its employees, managers, shareholders, brokers, services providers and business partners, who both individually and collectively are guided by the following values, examples and commitments:

1. Cooperation, transparency, justice and attitude to serve with genuine interest are our fundamental values;
2. The search for perfection demands humility, determination and patience;
3. The search for perfection demands humility, determination and patience;
4. Errors occur and need to be taken and corrected immediately, as an opportunity of learning, improvement and growth;
5. The work should be made with excitement and seen as an opportunity of development;
6. The dedication of each one should go beyond the attribution of their function;
7. Not to benefit of the role for personal advantages and to keep a simplicity stance, without personality;
8. Our duty is to carry out a simple, flexible, agile and integrated management;
9. To prepare successors able to increase the Corporation's horizons;
10. The professional achievement should be a result of the encouragement to the self-development and the search for new challenges.



## 2012 . main happenings

- A Service School was created, with the purpose of preparing the service professionals that enter in the Company;
- The number of prints of the “Nosso Porto” newspaper was decreased to encourage on-line reading, thus contributing with the environment;
- “Porto Seguro Serviços Avulsos” was launched, a product that gathers a series of services that may be contracted separately by policyholders or non-policyholders. The services are requested through a 24 hours telephone sales service, and the people interested may contract one or more services a time;
- “Porto Seguro Auto Senior” was also launched, an insurance for customers since 60 years old, developed to offer a proper service to the needs of these customers. Among the benefits offered, a 20% discount in the franchise;
- Other launch in 2012 was “Porto Seguro Capitalização”, an administrator of capitalization titles that acts in the traditional and incentive modalities. It was created with the purpose of offering another business opportunity for brokers;

- SMS Campaign: a campaign idealized to raise awareness of drivers for the danger of undue use of mobile phones while driving. The campaign drew attention to practices that often go unnoticed, but may generate distractions responsible for collisions, loss of steering control among other incidents. Calling, sending and reading messages, or also using the Internet while driving are some examples of inadequate behaviors, approached during the campaign;
- Porto Seguro Monitoramento launched “Alarme Pós-Pago”, a residential alarm service differentiated by its charging method, made according to its usage;
- Porto Seguro Credit Card: through an advertisement campaign of nationwide reach, the “Grandes Momentos” campaign, it was strived to reinforce that good moments may help the customer to get some of the main differentiating factors of the relationship program of Porto Seguro Credit Cards, such as discount in Porto Seguro Auto and in the franchise, besides other advantages, according to the usage of the card;
- Campaign “Pergunte ao seu Corretor”, launched to emphasize the benefits of insurance. Also to remark that, besides all the tranquility, safety and comfort, the insurance may generate a significant economy for the customer. The main benefits emphasized were:
  - Repairs in kitchen applanic;
  - Discounts in parking lots;
  - Help Desk to solve computer problems;
  - Winch without mileage limit;
  - Extra car for up to 15 days;

Along with the other services, these benefits make up a full package for the customer.

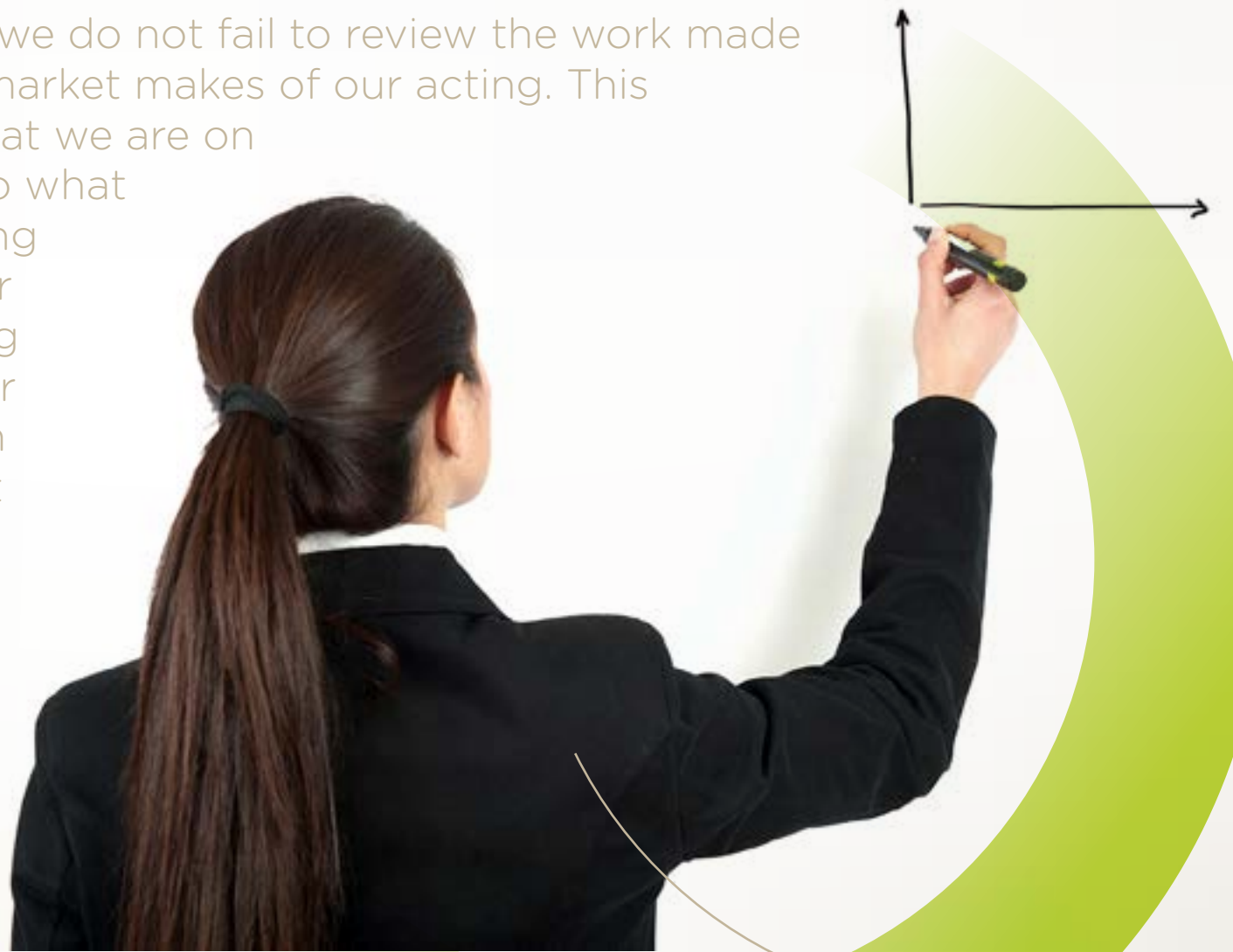
# business and strategies

*In order to follow with the innovation and growth strategy,  
it is necessary to have eyes  
turned to the future.*



Porto Seguro is, today, a reference company in the insurance market. And to reach this status, its history is filled with actions and attitudes always aimed at serving well its customers, to set a trust relationship with the brokers and transparency with the market as a whole.

At each cycle that is closed, we do not fail to review the work made and the evaluation that the market makes of our acting. This referential is what ensures that we are on the right way. And this is also what encourages us to keep looking at the future, anticipating our customers' needs, developing new solutions and looking for the innovation, that has been the strategy for our constant expansion.



## corporate profile



Porto Seguro acts in the insurance market, in which it offers, through its direct and indirect subsidiaries – Porto Seguro Cia., Porto Seguro Saúde, Porto Seguro Vida e Previdência, Porto Seguro Uruguay, Azul Seguros, Itaú Auto e Residência, among others – a wide range of products for individuals, families, companies and government bodies.

We are present both in Brazil and Uruguay. The Company is, today, the fifth biggest insurance company in the country and leader in the car and residence segments. In Uruguay, it has the second position among car insurance companies.

Since its establishment, in 1945, it seeks the expansion of its business through innovation applied to the improvement of products and services, and also to the development of new solutions, that meet different needs of the customers.

From this strategy, its portfolio is constantly growing, making Porto Seguro a brand present in the daily lives of people, in the more diverse moments.

Bike Serviços, Serviços Avulsos, Porto Vias and Auto Mulher are examples of products and services customized to integrate the daily life

of an increasing number of customers, who present diverse needs.

Overall, Porto Seguro is made up of 21 companies, divided between insurance companies, financial services and general services.

In 2003, it broadened its presence in the insurance market with the acquisition of Azul Seguros – formerly AXA Brasil – with options for the cars, property and life segments, excluding the private pension products.

In 2009, the Company was associated to Itaú Unibanco, creating a new company, Itaú Seguros de Auto e Residência. In 2011, it was established Porto Seguro Telecomunicações S.A, a company that acts with the provision of telephony services. And, in 2012, it was established the company Porto Seguro Capitalização, that trades capitalization titles.



## companies in the group

### **Porto Seguro Companhia de Seguros Gerais**

Main company of the group, established in 1945. Acts with car, estate, lease surety and transports portfolios;

### **Porto Seguro Vida e Previdência S/A**

Established in 1986, acts exclusively in the life insurance and private pension segments;

### **Porto Seguro Saúde S/A**

It acts in the health segment for more than 10 years now, with corporate, SME and dental health insurance;

### **Porto Seguro Seguros Del Uruguay S/A**

Established in 1995, it is Uruguay second largest insurance company in the car segment. It works with several portfolios;

### **Azul Seguros**

After purchasing the company AXA Seguros, it is part of the Corporation since 2004 with the name Azul Seguros. It works in the car and residence insurance segments;

### **Itaú Seguros de Auto e Residência S.A**

It is a part of Porto Seguro Corporation since 2009, after association with Itaú Unibanco. It works in the car and residence segments in the whole country;

### **Porto Seguro Serviços de Saúde S.A. (Portomed)**

Established in 2010, it has as its main activity to operate private health support plans;

**Porto Seguro Serviços Odontológicos S.A. (Porto Odonto)**

Established in 2011, it has as its main activity to operate private dental services plans;

**Porto Seguro Proteção e Monitoramento Ltda.**

Established in 1998, it acts in the segment of 24h monitoring of property, monitored transports and vehicles trackers;

**Portopar Distribuidora de Títulos e Valores Mobiliários Ltda.**

Established in 1996, this unit is specialized in the management of financial assets and financial advisory;

**Crediporto Promotora de Serviços Ltda.**

Established in 2007, it acts with the distribution of products of the Portoseg company;

**Porto Seguro Serviços Médicos Ltda.**

Established in 1996, it acts in the provision of health services in ambulatory regime and in the preparation and implementation of medical controls and labor health programs;

**PortoServiços S/A**

Established in 2008, it acts in the provision of services in business and residential condominiums;

**Porto Seguro Atendimento S/A**

Established in 2009, it acts in the provision of inbound and outbound telemarketing services, call center and general call services;

**Porto Seguro Telecomunicações**

Created in 2010, it acts in the provision of telecommunications services;

**Porto Seguro Capitalização**

Established in 2012, it acts in the management and trading of capitalization titles.

# innovations in products and services

In 2012, the Company continued increasing and innovating in its products and services range, with highlights for:

## Porto Seguro Auto Sênior

New insurance for customers since 60 years old, developed to offer proper service to the needs of these customers. Among the benefits offered, the customer has 20% discount in the franchise, besides winch and help in cases of mechanical, electrical and dry fault and tires exchange. The customer also has support to the driver, in the event of impossibility of vehicle movement, hygiene service, extra car, among others.

## Porto Seguro Residência

Launches the benefit “Entre Vizinhos”. With this, the policyholder mobilizes the neighborhood’s attention in situations of risk, being possible to avoid possible theft, robbery, breaking and entering in the property.

## Porto Seguro Empresa

Increases the segments for contracting of the product. For each venture profile, the product has coverages that adjust themselves to the needs of protection. The coverage of goods subtraction and electrical damages are indicated for companies of several segments, such as offices, medical offices, medical practices, stores, pet shops, drugstores and even churches.

On its turn, the Civil Responsibility coverage, which ensure damages to third parties, is ideal for sectors that deal in larger intensity with the audience, such as stores, churches and schools. Also, companies that deal with food may request the coverage of “Contamination and Deterioration of Goods”, that ensures harm by losses and damages to goods packed in cold storage environment.

## Porto Seguro Equipamentos Portáteis

Enhancement of services offered. Besides the discount in the purchase of software and equipment, theft protection, the policyholders may have the protection of data stored in their computers, such as photos, videos, music, documents and spreadsheets, through the cloud storage service with free backup.

**porto seguro** *Previdência*

The insurance has undergone changes in its individual and children plans with the purpose to provide more flexibility and options to its customers. It is possible to contract these plans with doubled coverage for accidental death, funeral support, besides invalidity, with a single payment.

**porto seguro** *Eventos*

The insurance increases the coverage and starts to cover personal accidents, with indemnification in cases of accidental death, permanent invalidity by accident (total or partial) and medical, hospital and dental expenses.

**porto seguro** *Transportes Embarcador*

Insurance aimed to the owners of goods, named Shippers. It offers a set of basic and additional coverage for highway and air transports. The insurance ensures the protection against the most varied events.

**porto seguro** *Serviços Avulsos*

The launch of a product that gathers a series of services that may be contracted in a standalone manner by policyholders or non policyholders. The services are requested through a 24 hours telephone sales service, and the people interested may contract one or more services a time.

**porto seguro** *Consórcio*

Launching of a new plan for automobile consortium, aimed at customers seeking for credits with higher values for the purchase of automobiles. The group offers credits between BRL 57 thousand and BRL 110 thousand, with up to 72 months for payment.

**porto seguro** *Alarmes Monitorados*

Launching of the post paid alarm, a residential alarm service differentiated by its charging method, according with the usage, the same way it works with monthly consumption bills, such as water and power utilities. Thus, the customer can also control his expenses.

**porto seguro** *Capitalização*

Launching of an administrator of capitalization titles that acts in the traditional and incentive modalities. It was created with the purpose of providing more products to customers and brokers.

# marketing campaigns

## “Pergunte ao seu Corretor” Campaign

A campaign launched to emphasize the benefits of insurance, showing everything that can be used freely. Also to remark that, besides all the tranquility, safety and comfort, they may generate a significant economy for the customer. The main benefits remarked were: repair in home appliances, discounts in parking lots and help desk to solve computer problems. Besides that, other free benefits were emphasized, such as winch with no mileage limit and extra car for up to 15 days. These benefits, together with other services, make up a complete package for the customer.





### Seguro Auto Sênior

Auto insurance developed to provide proper service to the needs of drivers since age 60. The insurance offers exclusive benefits, such as: 20% discount in the value of franchise since the contracting, delivery and collection of documents and objects, change of furniture, assorted fixtures in the policyholder's house (clothes hanger in the ceiling, peephole, latches, rails, etc.), service for connection of cables and setting of audio, video and computing equipment (TV, DVD, Home Theater, Blu-Ray, Smartphone, Display, CPU, Printer and Desktop) and transport to the location of medical appointments and exams.

### SMS Campaign

A campaign idealized to raise awareness of drivers for the danger of undue use of mobile phones while driving. The campaign drew attention to practices that often go unnoticed, but may generate distractions responsible for collisions, loss of steering control among other incidents. Calling, sending and reading messages, or also using the Internet while driving are some examples of inadequate behaviors, approached during the campaign.

### Porto Seguro Viagem Campaign

A campaign to promote the travel insurance, that offers a wide coverage, such as medical assistance and location of luggage, plans for national and international travel, as well as the following services: travel guides, indication and reservation of hotels and restaurants, buying of tickets for concerts, theaters, among others.

### Porto Seguro Previdência Campaign

A campaign to promote Previdência Individual, also focused on income tax, offering supplementary coverage to keep the life standard during retirement, to ensure the studies of children or to open one's own business. It is also possible to deduct up to 12% of gross revenue from Income Tax.

### Porto Seguro Vida e Previdência Campaign

A campaign to institutionally promote life insurance for the family, benefits to health and well being. In the future, we will offer coverage to keep the life standard or to accomplish projects.

### Porto Seguro Previdência Infantil Campaign

A campaign to promote Previdência Infantil, that offers coverage of family protection, ensuring the continuity of the children's studies, besides Escola Online, 24 hours assistance to the student with private classes and transportation to the school or physiotherapy, if needed.



### Transportador Consciente

Porto Seguro Transportes promotes the program Transportador Consciente, a set of services with a preventive focus, covering precautions with the health and quality of life of truckers, maintenance of vehicles and guidance on how to avoid or proceed in possible situations of risk in the roads.

Lectured as training sessions, which usually occur in the premises of the insured companies, it includes both theory and practice, and covers subjects as defensive driving techniques, effects of sleep, initiatives to prevent cargo theft, among others. The purpose is to prepare drivers to drive more safely. It also includes health services, such as medical exams for hearing, glycemics, BMI, sight and pressure. During the meetings, the trucks also undergo maintenance services, such as signaling bulbs replacement, crystallization of windows and internal and external check-ups.



### Porto Seguro Credit Card

With an advertisement campaign of nationwide reach, the “Grandes Momentos” campaign, it was strived to reinforce that good moments may help the customer to get some of the main differentiating factors of the relationship program of Porto Seguro Credit Cards, such as discount in Porto Seguro Auto and in the franchise, besides other advantages, according to the usage of the card.

### Porto Seguro Serviços Avulsos

An advertisement campaign of nationwide reach, with the purpose of highlighting to both customers and not-customers the services available, such as “Leva e Traz”, TV installation services, water cistern and roof ventilator cleaning.

# business strategy

Porto Seguro searches for growth and profitability through its continued expansion. A leader in insurance for cars and residences in the main regions of the Country, the Company seeks to increase its participation in other market segments. Its strategy is based in four pillars:

## 1. segmentation

- Three brands to serve different needs and preferences;
- Different proposals of added value - services, price, specific benefits and convenience.



## 2. differentiated service for brokers and customers

- High level of services, based on “familiar service”;
- Focus on long-term relationship;
- Renovation indexes higher than the market average.

## 3. innovative products and services

- Portfolio of innovative and synergistic products (opportunities for cross-sales);
- Services increased beyond the basic (home, car and persons); or
- Services as the main value of brand recognition.



## 4. risk selection and pricing model

- Pricing of products focused on profitability;
- Statistic models and a robust database;
- History of incidents below the market average.

Brokers play an essential role in the implementation of the Company's strategy. That is why Porto Seguro promotes, every year, incentive campaigns for this audience. Besides the countless regional campaigns that meet each Branch's demands, in 2012 the campaign "Conquistadores", that awards the score achieved in the contracting of Life Insurance Policies and Pension Plans, completed 18 consecutive years.

The Porto Plus campaign was also developed, specially aimed at the employees of Brokers as a way to incentive the trading of the Company's services, in which the score achieved is later exchanged for prizes.

And, in order to reinforce the role of the broker with the customer, there was also the nationwide campaign "Pergunte ao Seu Corretor", aimed at encouraging the customer to look after the broker for the performing of services, in moments of incidents and to solve questions regarding new products.



## acknowledgments in 2012

Porto Seguro earned several awards in 2012, among which we highlight:

“Marca mais amada”, auto insurance segment, by Shopper Experience and published in the magazine Consumidor Moderno.

“Marcas de Confiança – Empresa mais confiável do Brasil”, insurance segment, awarded by the Seleções magazine and by Ibope Inteligência.

“Melhor Empresa de Atendimento ao Cliente em 2012”, taking the 5th position, awarded by the magazine Exame in partnership with the Brazilian Institute of Customer Relationship (IBRC, in the Portuguese acronym).

“Empresa mais admirada do Brasil”, insurance segment, awarded by the magazine Carta Capital.



“Empresas que mais respeitam o Consumidor 2012”, awarded by the magazine Consumidor Moderno, in partnership with Shopper Experience.

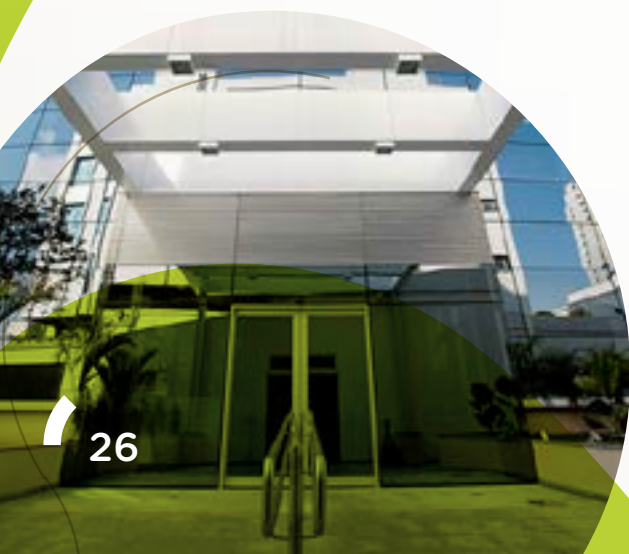
“Marketing Best Sustentabilidade 2012”, awarded by Editora Referência and Madia Marketing School.

“Os Melhores do Ano”, insurance company category, by Sindirepa – SP.

“Personalidade Amiga do Corretor de Seguros 2012”, awarded to Jayme Brasil Garfinkel, president of Porto Seguro Management Council, by SINCOR – SP (Union of Insurance Brokers of the State of São Paulo).

“Top Educação 2012”, category Education Projects, awarded to Cidade Portinho Seguro Auto, by Editora Segmento.

“Top Of Mind” of Paraná, Insurance company category.



## corporate governance

Porto Seguro follows the best practices of Corporate Governance, reinforcing the principles that privilege transparency, equity and respect to its shareholders. Thus, it creates the conditions for development and maintenance of a long term relationship with its investors.

The search for the continued improvement of our actions in the Investors Relationships area has the purpose of improving the permanent communication channel between the Company and all the stakeholders in the business: shareholders, regulating entities, brokers, employees and the community.

The companies stocks are listed in Novo Mercado (code PSSA3), a special segment of the stocks market in São Paulo Stocks Exchange (BOVESPA), aimed exclusively to companies to meet given minimum requirements and differentiated corporate governance rules.



Among the corporate governance practices advised by the Brazilian Institute of Corporate Governance (IBGC, in the Portuguese acronym), the Company adopts:

- Division of capital stock exclusively in ordinary shares;
- Extension, to all the shareholders, of the same conditions obtained by the controllers upon the sale of the company control (tag along);
- Opening of a new public offer of purchase of all shares in circulation, at least for the economic value, in the hypotheses of capital closing or cancellation of the listing at Novo Mercado;
- Management Council with a minimum of five (5) members with an unified term of up to two (2) years, with possibility of reelection;
- Disclosure of the Ordinary and Extraordinary Assemblies Handbook in the scope of the Company and for the shareholders listed, aiming to clarify and instruct on the circumstances of accomplishment and the voting methods in the aforementioned assemblies;
- At the least twenty per cent (20%) of the members should be independent counselors;
- Improvement of information provided, making available to public the quarterly information (ITRs, in the Portuguese acronym) - a document that is sent by companies listed to CVM and BOVESPA - which has quarterly financial demonstrations, as consolidated financial demonstrations and cash flow demonstrations, among others;
- Improvement on information regarding each social year, making available to the public the Standardized Financial Demonstrations (DFPs, in the Portuguese acronym) - a document that is sent by listed companies to CVM and BOVESPA - and which has yearly financial demonstrations, such as cash flow demonstrations, among others;



- Disclosure of financial demonstrations according with IFRS or US GAAP international standards;
- Disclosure of the Reference Form (FR) – a document sent in a periodic and eventual manner by the companies listed to CVM and BOVESPA, and made available to the public, with corporate information such as the quantity and features of estate values issued by the company and held by the groups of controlling shareholders, members of the Management Council, directors and members of the Tax Council, as well as the evolution of such positions;
- Public meetings with Analysts and Investors, at least once per year;
- Presentation of a yearly calendar, in which there is the schedule of corporate events, such as assemblies, disclosure of results, etc.;
- Disclosure of the terms of agreements entered into between the company and the related parties;
- Disclosure in monthly bases, of negotiations of estate values and derivatives issued by the company by the controlling shareholders;
- Keeping of a minimum share of stocks in circulation, representing twenty-five per cent (25%) of the company's capital stock;
- At the time of public distribution of shares, adoption of mechanisms that favor the dispersion of capital;
- Joining the Market Arbitration Chamber for resolution of societal conflicts.



## negotiation at Bovespa

The liquidation of transactions made at Bovespa is made three business days after the negotiation date, without any readjusts for inflation.

The handing of stocks and the payment are made through Bovespa's compensation chamber, CBLC.

Usually, the seller should hand the stocks to Bovespa in the second business day after the negotiation date.

Though all the open company's stocks in circulation may be negotiated at Bovespa, in most cases, less than half of the stocks issued is actually available for negotiation by the public. The majority of stocks are usually held by a single controller, or by a small group of people that make up the control block, including government bodies. It is possible that no active and liquid market be developed for the stocks, which would limit the investor's capacity of reselling them.

## tax council


The Brazilian societal legislation demands that the Company has a tax council functioning in a permanent basis or only in the social years in which it is established by request of shareholders. The bylaws foresee the establishment of a non-permanent tax council made up of five members and an equal number of deputies. The tax council is a stand alone entity, independent from the management and the Company's independent auditors. The main duties of the tax council are overseeing the acts of administrator, to give opinions about given proposals of the administration entity to be submitted to the general assembly for deliberation, to examine the accounting demonstrations of the Company and to report to the administration entities and to the general assembly the errors, frauds or crimes that come to their knowledge.

The members of the tax council, when established, will be elected during the ordinary general assemblies of shareholders to act for two years terms, being able to be reelected. By force of the Law 6404/76, the tax council cannot include members of the Management Council or the Board of Directors, or also employees of the Company or spouse or relative of any member of the management, up to the third degree.

## regulation of the Brazilian capitals market

The Brazilian capitals market is regulated by CVM - Estates Value Commission, which has overall authority over stocks exchanges and capital markets, as well as by the National Monetary Council and by Bacen, which has, among other powers, the authority to license broker companies, also regulating foreign investments and exchange operations. The Brazilian capitals market is ruled by the Law 6385/76, the Law 6404/76 and instructions, deliberations and other normative acts issued by CVM. According to the Law 6404/76, the companies may be open, as Porto Seguro, or closed.

A company is considered open when it has estate values issued by it accepted for negotiation in stocks exchange or over the counter market. All the open companies are registered at CVM and should present periodic information and reports. An open company may have its estate values negotiated in the Brazilian stocks exchanges or in the Brazilian over the counter market. The stocks of open companies may also be privately negotiated, with some limitations.



In any case, the transaction in the over the counter market consists of direct negotiations among the persons, out of the stocks exchanges, intermediated by a financial institution authorized by CVM. No special license, other than register at CVM (and, in the case of organized markets over the counter, in the respective over the counter market) is needed for the estate values of open companies to be traded in the over the counter market, as long as all the transactions made in the Brazilian over the counter market be reported to CVM by the respective intermediate institutions.

The negotiation of any estate value may be suspended by Bovespa before the announcement of relevant fact. The negotiation may also be suspended by initiative of Bovespa or CVM, if, among other reasons, there is the suspicion that a company have provided improper information regarding a relevant event or have provided inadequate answers to any investigation made by CVM or the relevant stocks exchange.

The Law 6385/76 and the regulations issued by CVM foresee, among other provisions, the duty to disclose information, restriction of negotiations based on privileged information and price manipulation, besides protections for minority shareholders. The negotiations in Brazilian stocks exchanges by non-resident people are subject to given restrictions according to the Brazilian legislation of foreign investments.

## corporate governance structure

Porto Seguro's corporate governance structure is made up by the Management Council, Board of Directors and Audit Committee. These bodies are in charge for planning and leading the Company's business, as well as for overseeing the proper implementation of strategies, the effective achievement of results and the compliance with legal requirements and best business practices.

The bylaws foresee the establishment of a Tax Council when requested by shareholders, as per the legislation. Currently, there is not a Tax Council established.

### management council

The duties of the Management Council include the establishment of the Company's general policies, the election of directors, the overseeing of the management and the approval of given operations. In compliance with the Bylaws, this body should be made up of at least five and at the most seven members.


Currently, the Council is made up by seven members, two of which are independent. The counselors are elected in ordinary general assembly of shareholders to act for a two years term, being able to be reelected.

The shareholders have the power to depose them at any moment.



Currently, the management council has the following composition:

### Jayme Brasil Garfinkel • Chairman of the Council



He is undergraduate in civil engineering by Escola Politécnica of the University of São Paulo (1970) and graduated in Business Management by Fundação Getúlio Vargas (1975). He entered Porto Seguro in 1972 as a Management Assistant, taking the position of Vice-President Director in 1978 and President Director in 2006, remaining in the position up to August 2012. He is the President of Porto Seguro S.A. Management Council since its establishment, in 1997. He is also President of the Management Council and President Director of Porto Seguro Itaú Unibanco Participações S.A. ("PSIUPAR"), a holding company controller of Porto Seguro S.A., since its establishment, in 2009. He was a member of CNSP from 1987 to 1991, and President of the Union of Insurance and Capitalization Companies in the State of São Paulo, from 1989 to 1990. Currently, he is President Director of Fenseg - National Federation of General Insurance and Vice-President Director and Member of the Higher Council of CNSeg (National Confederation of General Insurance, Private Pension and Life, Supplementary Health and Capitalization Companies).

### Marco Ambrogio Crespi Bonomi • Vice-President of the Council

He is undergraduated in Economy by Fundação Armando Álvares Penteado - FAAP (1978). He made financial executive improvement courses by Fundação Getúlio Vargas - FGV (1982) and capitals market at New York University (1984). Currently, he is the Executive Vice-President Director of Banco Itaú S.A., Executive Director of UNIBANCO - União de Bancos Brasileiros S.A. since November 2008, and Vice-President of ACREFI - National Association of Credit, Financing and Investment Institutions, since April 2004.



## Casimiro Blanco Gomez • Counselor

Undergraduate in Accounting Sciences (1972) and Economic Sciences (1974) by the Economic Sciences School of São Paulo and graduated in Controlling (1980) by Fundação Getúlio Vargas. He entered at Porto Seguro as accountant in 1974, taking the position of Controlling Director in 1983, being Vice-President in the years 2000-2010. He was also Vice-President Director of Porto Seguro Vida, Vice-President Director of Azul Seguros, Vice-President Director of Porto Seguro Saúde, Director of Portopar Distribuidora de Títulos e Valores Mobiliários and Director of Porto Seguro Uruguay. He was Director since 1992 and President of the Union of Insurance Companies of the State of São Paulo from 2001 to 2003, he was a member of the Commission of Accounting and Tax Matters of the Union of Insurance and Capitalization Companies in the State of São Paulo and Fenaseg (National Federation of General Insurance). He collaborated with CNSP (National Council of Private Insurance) in several studies. Currently, he is Vice-President of the Management Council of Seguradora Líder dos Consórcios do Seguro DPVAT S/A and member of the Council of Protection to Insurance, both from the National Confederation of Insurance.

## Jorge Diamant Schulhof • Counselor

Undergraduate in Metallurgic Engineering by Escola Politécnica of the University of São Paulo (1969) and graduated in Financial Management by Fundação Getúlio Vargas (1972). He has 35 years of experience as Financial Director and Superintendent in mining and metallurgy companies, and in the electronics industry, having worked, for 15 years, as Investors Relationships Director in open companies. Currently, he is a Member of the Management Council of Porto Seguro S.A., of Companhia Brasileira de Lítio S.A. and independent advisor with emphasis on the financial area, specially regarding the financial restructuring of companies.

## Marcos de Barros Lisboa • Counselor

He is member of Porto Seguro S.A. Management Council since July 2011 and member of the Management Council of Porto Seguro Itaú Unibanco Participações S.A. since May 2011. He is also a member of the Management Council of Dibens Leasing S.A. - Commercial Lease since April 2009. He holds the position of Executive Director of Itaú Unibanco Holding S.A. since April 2009. He is Vice-President Director of Itaú Unibanco S.A. since April 2010, having been Executive Director from November 2008 to April 2010. Since March 2011, he is the Superintendent Director of Itaú Seguros S.A., having been Director from March 2009 to March 2011. He is the Vice President Director of Unibanco - União de Bancos Brasileiros S.A. since April 2010, having been Executive Director from July 2006 to October 2009. He was also the Secretary of Economic Policy of the Ministry of Treasury from 2003 to 2005 and President of IRB - Brasil Resseguros S.A. He is undergraduate in Economy by the Federal University of Rio de Janeiro - URFJ and Doctor in Economics by University of Pennsylvania (EUA).

## Fernando Kasinski Lottenberg • Independent Counselor

He is a Bachelor in Laws by the University of São Paulo, Master in Philosophy and General Theory of Laws and Doctor in Public International Laws, both by the University of São Paulo. He is a lawyer acting in the business law area. Banco Itaú BBA S.A., position held since February 2009.

## Pedro Luiz Cerize • Independent Counselor

He is independent counselor of the companies CVI, OHL and Copel. He is undergraduate in Business Management by Fundação Getulio Vargas - São Paulo and has a MBA in Finances by IBMEC - Brazilian Institute of Capitals Market. He has worked in the brokerage company Socopa, Banco Fator and Banco BBA Creditanstalt. He is one of the founders and managers of Skopos Administradora de Recursos. He was elected a member of the Administration Council of Porto Seguro S.A. for the first time in 2008.

## board of Directors

The Directors are in charge for the performance of decisions of the Management Council and by the daily management of the Company. Each Director also has individual duties, which are determined by the Management Council. The Board of Directors is made up of at least three and at the most six members, elects and subject to destitution at any time by the Management Council. The body is made up of a President Director, a General Director, a Financial Director, an Investor Relationship Director, a Legal Director and a Director with no specific designation. The management term is of one year, with possibility of reelection.

Currently, the board of directors has the following composition:

### Fabio Luchetti • President Director

Undergraduate in Business Management by Faculdade de Administração e Ciências Econômicas Santana, of São Paulo. He entered at Porto Seguro in 1984, passing through several levels until reaching the position of Technical Manager, in 1996. In 2000, he was appointed Operating Director, Vida e Previdência and, in 2006, Executive Vice-president. In 2012, he took over the Presidency of Porto Seguro, today made up of 23 companies.

### Luiz Alberto Pomarole • General Director

He is undergraduate in business management by Faculdades Oswaldo Cruz (1986). He entered Porto Seguro Companhia de Seguros Gerais, insurance company, in 1979, as an office assistant, taking on the position of Auto Acceptance Service Manager in 1988, having been named Director of Product - Automobile in August 2000, responding as Vice-president Director since March 2008. He is also Vice-president Director in the following companies controlled by Porto Seguro S.A.: Porto Seguro Vida e Previdência S.A. and Porto Seguro - Seguro Saúde S.A., insurance companies, since 2008, and Azul Companhia de Seguros Gerais, insurance company, since 2010. Currently, he is General Director of Porto Seguro S.A. and Director in companies controlled by the Company.

## Marcelo Barroso Picanço • Financial and Investors Relationship Director

He is a Master in Management by Coppead (UFRJ institute of research and graduation in administration) and by Wharton School, of the University of Pennsylvania. He is also undergraduate in Electronic Engineering by Instituto Tecnológico de Aeronáutica (ITA). He entered Porto Seguro in July 2006 as a Financial Director, taking the positions of General Director of Portoseg (Financing and Card) and General Director of Portopar (DTVM). Since July 2010, he started to accumulate also the position of Director of Investors Relationships and Strategic Planning. Before entering in the Company, he took the position of Financial Services Director in the consultancy Booz Allen Hamilton (currently Booz&Co), where he developed strategic positioning, design and organizational transformation projects for leading companies in Brazil and Latin America.

## Lene Araújo de Lima • Legal Director

He started his career at Porto Seguro in 1994, in the Legal department. In 2001, he was promoted to Legal Manager, and in June 2008, he took over the position of Legal Director, being in charge for the Legal, Inquiry, Fraud Prevention and Internal Controls areas. Currently, he is the Legal Director of Porto Seguro S.A. and its controlled companies, Porto Seguro Companhia de Seguros Gerais, Porto Seguro Saúde S.A., Itaú Seguros de Auto e Residência S.A., Azul Companhia de Seguros Gerais and Instituto Porto Seguro. He is also Director of Portoseg S.A. - Credit, Financing and Investment, Portopar D.T.V.M Ltda, Porto Seguro Administradora de Consórcio Ltda., Portoserv Promotora de Serviços Ltda. and Portomed - Porto Seguro Serviços de Saúde S.A. He is, also, President of the Tax Council of Portoprev - Porto Seguro Previdência Complementar. He is a lawyer, specialized in Civil Procedure by the General Coordination of Specialization, Improvement and Extension of PUC-SP and International Executive MBA by FIA (Management Institute Foundation).



## Audit committee

Created by the Management Council, it has as its main goal to support the management of Grupo Porto Seguro regarding best practices in corporate governance, aiming at ensuring the transparency of business to shareholders and investors.

It should be made up of at least three and at the most five members, elected by the Management Council to have an office for a term established by this same entity. Reelection is possible, as long as permanence in the position do not surpass five years. There is the possibility of taking over the position again, but only three years after the previous office. Management Counselors may be elected as members, as long as they fulfill all the requirements and prohibitions to the position, defined in the regulation of the Committee.

Currently, the audit committee has the following composition:

### Evandro César Camillo Coura

Undergraduate in Electric Engineering by the Military Institute of Engineering (1980) and Master in Business Administration with emphasis on Managerial Control and Operations by Coppead (UFRJ institute of research and graduation in administration - 1986). He was Director of Risks Control and Management of Fibra Celulose S.A., President of Gaia Energia Participações and President and Investors Relationships Director of Grupo Rede - Electricity Companies.

## Alfredo Sérgio Lazzareschi Neto

A lawyer undergraduate by the Law School of Largo de São Francisco, with specializations in Electronic Law by Harvard Extension School, Chicago-Kent College of Law and Universidade de Buenos Aires. He is a member of Conjur (Legal Consultancy) of FIESP, former member of the Council of AASP (Association of Lawyers of São Paulo), and Vice-President of OAB/SP Commission on Capitals Market and Corporate Governance. He is the author of the book *Lei das Sociedades por Ações Anotada*, published by Editora Saraiva.

## Ricardo Baldin

Undergraduate in accounting sciences by Universidade do Vale do Rio dos Sinos (RS), with university extension courses at Fundação Dom Cabral and Fundação Getúlio Vargas, regarding management and finances. He is the Executive Director of Itaú Unibanco Holding S.A. and do Itaú Unibanco S.A. since April 2009. He was Auditor at PricewaterhouseCoopers, having acted for three years as assistant, three years as senior, two years as supervisor, three years as manager acting as partner (MAP) and 18 years as partner. In this audit company, he was the partner in charge for audits of Unibanco - União de Bancos Brasileiros S.A., of Banco Itaú Holding Financeira S.A. and companies controlled by Banco do Brasil S.A. and by Caixa Econômica Federal, among others. He was also the partner in charge for the Financial Institutions Group of PricewaterhouseCoopers in South America, having coordinated several works in the region, including the evaluation of Ecuador's Financial System. He has also worked as Director of ANEFAC - National Association of Finances Executives, and is in charge for the group of financial institutions of IBRACON - Institute of Independent Auditors of Brazil during several years.

# products

To generate  
creative solutions.

A call of the company  
that inspires us day by day.



One of the pillars of a company's success is the capacity to develop, in the form of products and services, solutions able to surprise, enchant and overcome the expectations and needs of its customers.

The passing of time created, to Porto Seguro, together to the whole market, the image of a company that goes beyond, researching and developing news and differentiating factors that surprise a segment that, at a first sight, seems very traditional.

That is why we feel so challenged to keep questioning and breaking paradigms. Thus, investing in new ideas, to anticipate the future to our customers everyday.



Porto Seguro's portfolio is divided into insurance, financial products and services. It was developed to meet the more diverse personal or individual needs. Its reach and advantages differentiate Porto Seguro and, consequently, the broker in the market.





# Porto Seguro Auto

It has more than 2 million customers in the whole Brazil, to which it offers a premium category of car insurance with a series of benefits and services so that the policyholder's car may have more care and protection and the policyholder may have more tranquility, comfort and convenience to take care of his daily life, with discounts in parking lots, repair of home appliances, free technical services for computers, free diagnostics in Automotive Centers, among others.

In 2012, Porto Seguro Auto has been present in the press, reinforcing advantages of Porto Seguro Auto Mulher and Porto Seguro Moto, launching Porto Seguro Auto Sênior and reinforcing some of the major benefits offered by all Auto insurances: assistance for repairs of home appliances, computers and laptops, discount in parking lots, advantages obtained with the Porto Seguro Credit Card for those who have Porto Seguro Auto and also highlighting the importance of the role of insurance broker.



## Porto Seguro Auto Sênior



Launched in May 2012, Porto Seguro Auto Sênior aims to offer more convenience, advantages and special care for policyholders with more than 60 years. One of its highlights is a differentiated discount in the franchise, already incorporated in the policy itself. It also has a discount in eyewear shops, coverage for children seat, friendly transport for eventual needs - such as cases in which the policyholder cannot go to and from the doctor driving his own vehicle, for instance, among other advantages.

## Other segments with differentiated advantages and benefits

Porto Seguro Auto also has specific benefits for the youth (18 to 24 years), taxi drivers, truck drivers and policyholders with armored vehicles.

## Porto Seguro Automotive Center

Our goal is to offer Porto Seguro Auto customer a technical consultancy in the vehicle's mechanics, electricity and electronics, specially for items that affect his safety. We finished the year 2012 with 156 automotive centers in the whole Brazil (16 units more than the previous year), with about 31,000 passage of vehicles/month.

We offer, as specified in the policy, the installation of brake light, crystal coating of windshield, revision of lights with change of external bulbs and regulation of lantern focus. Besides these services, diagnostics regarding preventive and corrective maintenances are free, besides other services and products with differentiated prices and payment conditions.

## Porto Vias

Porto Seguro, searching to contribute to improve traffic in the great cities, celebrates the three years of the creation of Porto Vias, incorporating a series of new features to the system.

The service of information about best paths to avoid jammed traffic, free for policyholders and non-policyholders, already available for iPhone and Android users, now has also a new application a widget for computers (desktops and laptops). The device alerts the user about the best moment to follow a path, traces courses, verifies traffic conditions, receives alerts on car rotation. It is also possible to look up addresses of Porto Seguro automotive centers and offices and leverage a series of other functionalities. The data, originated from vehicle trackers, ensure traffic information with more than 90% accuracy. The exclusive technology enables the previous consult and the choice of best options of courses to follow, from routes previously registered by the users themselves.

Available in the Metropolitan Regions of São Paulo and Rio de Janeiro and free to use, the system has more than 120 thousand users and is the only one to offer information about medium speed of cars and estimated time for the path, besides the viewing of traffic conditions in the route selected.





### Trânsito +Gentil

Survey of Brazilian traffic institutions as Denatran (Brazilian National Traffic Department), estimate that, every year, 35 thousand people die in the country as victims of traffic accidents caused by human failure. For this reason, and following its philosophy of protection of the policyholder, which means to provide safety to the customer, Porto Seguro has the Campaign Trânsito+gentil, initially launched in the State of São Paulo and later extended to the whole Brazil. The campaign advocates kindness as a means to reduce violence in the traffic.



### Quick Service Center

In 2012, Porto Seguro increased the number of Quick Service Centers in 9 units, reaching 66 spread throughout Brazil. This service, launched in 2010, has as its purpose to expedite procedures needed for the clearance of repairs in vehicles in case of crashes or other incidents.

It is recommended for small accidents, in which the car keeps in conditions to move itself. The benefits vary according with the product and clause contracted and are valid as long a referenced shop is selected.

# Itaú Auto e Residência

The company came up from the association between Porto Seguro and Itaú Unibanco, consolidating Porto Seguro's leadership in the Car and Residence segments. It makes available what is more complete in the market. The company is present in the whole country.

## Seguro Auto Itaú

Launched at the end of 2011, this product, which has exclusive advantages for clients of Itaú bank, had its consolidation in the year 2012, with the launch of new advantages for these policyholders.

Among them, there is a 5% discount in the contracting or renovation of insurance and the extension of the free "reserve car" period from 7 to 15 days, being able to reach 22 days (benefit valid only if the vehicle is sent to a quick service center for regulation of the incident). It also offers the right to a 12% discount in labor for services in Porto Seguro automotive centers network. Another new feature, in the case of the policyholder being the person responsible for the incident, is the possibility of calling the winch for third parties.

In order to optimize and improve the service even more, there was the unification of the provision of services of winch, that are now centralized at the company Porto Socorro, which also makes services for Porto Seguro and Azul Seguros. Previously with a limit of two calls per effective period, in up to 100 kilometers distance, the policyholder now has the right of a winch with unlimited distance, regardless the plan contracted.

And, for brokers, a calculation tool was developed to facilitate the process and save time, allowing the simultaneous quotation of the three brands: Porto Seguro, Itaú and Azul.





## Seguro Itaú Residencial

Customers of Seguro Itaú Residencial have the environmental services, now available in all capitals and metropolitan regions in Brazil. The highlights go to the service of intelligent disposal, that makes available the collection of items that the policyholder no longer uses, such as furniture, electronic devices and home appliances. The items are routed for environmentally friendly disposal, with the objects in good conditions being donated to beneficent entities, also ensuring a socially responsible routing.

The insurance also offers “Environmental Guidance”, a consultancy to the policyholders via telephone about the conscious use of power and water, trash recycling, among other subjects. The ecologically efficient projects make available a specialized consultancy for the development of projects for adapting of real estates with bioclimatic architecture, including reutilization of rainwater, green roof and use of sun power.

Research from the Ministry of Environment reveals that the Brazilian is receptive to services connected to the issue of sustainability. Among the interviewees, 17% have electronic trash at home, 66% are willing to sort the trash for recycling, 63% intend to eliminate water waste, 46% would reduce the power consumption to help the planet and 59% deem necessary changes in the uses of consumption, transportation and feeding to avoid environmental problems.

## More practicality for brokers

In order to facilitate the closing of business that involve its products, Itaú Seguros de Auto e Residência launched, in 2011, an on-line tool that allows brokers to quicken the calculation of proposals. Among other benefits, he will immediately know the maximum term to receive the quotation requested and then will receive it via e-mail.





# Azul Seguros

Azul Seguro Auto is aimed at people searching for a product with competitive prices and quality services, which meets the needs of customers in an incident or vehicle failure through 24h assistance.

Policyholders of Azul also have the Porto Seguro Automotive Center, where they can make diagnostics with special prices to encourage the preventive maintenance of their vehicles. They can also have the services of the quick service center for inspections in case of incidents.

For brokers, Azul launched, in 2012, several tools in its site, developed to accelerate the broker's work, among which there is the on-line renovation.



# Health, Dental, OSH and Ambulatory

Porto Seguro Saúde offers, to companies in the State of São Paulo, integrated solutions in the areas of Health, Dental, Ambulatory and Occupational Safety and Health, contributing with the balance between the quality of life of employees and the investments of companies. Quality doctors, a wide referenced network, encompassing coverages and a series benefits, advantages and program for the prevention of diseases, are some of the differentiating factors of the Health product.

## Portomed

In 2012, Porto Seguro increased and diversified even more its acting and scope with the launch of Portomed Planos de Saúde, health operator for companies in the modalities Business and SMC - Small and Medium Companies.

Focused on the reliability for human resources of customer companies and on the strategic network of medical centers, hospitals and credentialed, Portomed arrived into the market with two options of plans, besides differentiating factors as the preventive service to beneficiaries and more agility in the service, ensured by the creation of Portomed units.

These units, among other advantages, enable several procedures in a single location, such as ambulatory exams and service in the specialty medical practice, with no need of previous scheduling.

Other than these specialties, a strategic network of hospitals and doctors credentialed are available to beneficiaries of Portomed. There are already 13 service units, placed in strategic addresses in the region of São Paulo.



## Dental

The Dental Insurance, with 100% on-line management, affordable cost and nationwide scope, is aimed to companies from four lives and has two modalities: SMC and Business - according with the number of employees in the company. Contracting can be made for all employees or only for those who manifest interest for contracting the insurance, discounted directly in payroll.

The policyholder can choose freely a dentist within the reference network or request refunds, if he chooses a professional that is not part of the network, according with the plan contracted.

## Occupational Safety and Health



This service makes available on-line processes for monitoring of risks to health of employees and management of actions to reduce the accident prevention factor. In order to help in the control of incidents, Porto Seguro also offers specialized consultancy in the implantation and coordination of Ambulatories.



# Elementary Segments

Porto Seguro offers a wide range of insurance with the purpose of protecting the personal estate of companies.

Among them, there are:

## Residential Insurance

Porto Seguro – a leader in the market of residential insurance, according with Susep (Private Insurance Superintendency) – launched, in 2012, “Porto Seguro Residência Veraneio”, a residential insurance with specific coverage and services for this kind of estate. It covers, basically, damage caused by the occurrence of fires, explosion and smoke. The policyholder can, also, contract additional coverage for risks such as electrical damages, theft and glass breaking.

The product also offers service packages for assistance, including, among others, electrician, plumber and locksmith, available according with the package contracted by the policyholder and the scope per region, besides “Check-up Veraneio”, with hydraulic and electric diagnostics, change of bulbs and lubrication of locks and hinges.





### Company Insurance

Porto Seguro Empresa – third position in the ranking of business insurance, according with Susep (Private Insurance Superintendency) – takes care of its customer's estate with efficiency, safety and economy. It offers coverage against fires, smoke and explosion, among other optional coverages, giving to the businessman the tranquility needed to concentrate its concern only in the growth of business. Also available in the modalities “Bars and Restaurants” and “Hotels and Lodges”.

### Condominium Insurance

Tailor made insurance for vertical or horizontal condominiums, both residential, commercial, mixed, offices, medical offices, flats and apart-hotels. With affordable price and facilitated payment, it offers coverage to protect the condominium, the manager and employees, besides facilities and benefits in the contracting, free emergency services, advantageous prices and payment conditions.

### Porto Seguro Imobiliária

Porto Seguro Imobiliária ensures care for the property, avoids possible damages to the owners and unexpected expenses to the tenants. Basic coverage include fires, explosions, smoke and, for residential estates, losses or rental payment. Optional coverage offer more 5 possibilities of coverage, including losses or rental payment for non-residential estates. The insurance also includes Porto Seguro Serviços, a full package of benefits with many benefits for the customers of Seguro Imobiliária.



# Other property insurances

## Agricultural



Insurance turned to the protection of orchards and vegetable gardens against the harms caused by hail and consequent commercial devaluation due to the drop of quality production. It offers two options: Orchard and Vegetable Garden. Both ensure, in case of incident, the indemnification by the revenue expected with the sale of the crop.

## Contract duties warranty

This insurance compensates, in case of non-compliance, contracts in the more diverse modalities: tenders, execution of works and projects, supply of goods, provision of services, customs, legal, administrative and labor. It was developed for private companies, courts of justice and public bodies of direct and direct administration to gain more speed in their operations.

## Car Dealers Insurance

The Car Dealers insurance offers specific coverage for this segment, including cars exposed in showrooms, installations, machines and equipment. It was developed specially for multiple brands stores and retailers of cars, motorcycles, trucks and tractors. There are 22 options of coverage available, beyond the basic coverage.

## Engineering Risks

Porto Seguro Engineering Risks was developed to ensure ideal protection for constructions, enhancements or renovations, covering, also, damages caused to third parties. It offers coverage to all risks inherent to these works, including fire, execution error, sabotage, theft and qualified robbery, damage caused by windstorm.

There are also optional coverage, such as the payment of damage caused by riots or strikes, expenses with the removal of debris and damages caused to the building due to fires after the delivery of the work, among others.



### Extended Warranty Insurance

Porto Seguro Extended Warranty is an extension of the original factory warranty for electrical and electronic products, such as stove, refrigerator, mobile phones and even furniture. With that, the customer has more durability of the goods purchased in stores, for up to 24 months, with labor and reposition of parts due to functional defects or failures. Among the differentials, the highlights are the specialized service, limitless number of repairs, warranty of repair or replacement of the good and the choice of the coverage duration, 12 or 24 months.

### Events Insurance

Porto Seguro Events has coverages that go from the beginning to the end of the event, both for the policyholder and for third parties. It is ideal for social, sports, technical, promotional and religious events, made in open, semi-open and closed spaces. It serves individual and corporate entities that act in the provision of services in events, whether in the organization, promotion or exhibition. It also offers optional coverage, such as installation, assembly and disassembly; civil responsibility in the supply of food and beverages, among others.

### Portable Equipment

Porto Seguro Portable Equipment covers damage caused to notebooks, tablets, smartphones, photo and film cameras. The policyholders also have the possibility of requesting at no cost, the removal of electronic equipment by the company Descarte Certo Soluções e Serviços S.A, which sorts and recycles this kind of material. The service is valid for the states of São Paulo, Rio de Janeiro, Minas Gerais and Paraná, and has the usage limit of up to two pieces of equipment per effective period.



# Consórcio

Porto Seguro offers a consortium for real estate, cars and professional equipment. Porto Seguro manages groups made up by people that pool resources for the purchasing of goods.

We also trade consortium letters with values between BRL 200 thousand and BRL 400 thousand, with a 15% management fee, with the purpose of increasing the alternatives available to customers who, more and more, chose this kind of credit for the purchase of property. In the version for cars, we also make larger credits available. Due to the warming of cars sales, the Company launched a new plan, through which it is possible the consortium of high standard cars, with up to 72 months terms to pay.





# Vida e Previdência

With the concept of personal and family protection, life and pension products serve the customers concerned with the current and future well-being of their families. Among the options there are VGBL, PGBL and traditional life insurances, both for companies and individuals.

## Individual pension

Porto Seguro Previdência Individual PGBL and VGBL are plans that allow the planning of a more calm future, whether to ensure the life standard during retirement or to invest in a own business. With variety in investment funds, it enables to meet any investor profile, from the conservative one to the bold one.

It also has risk coverage, such as Death, Doubled Accidental Death, Total or Partial Permanent Disability by Accident, Special Anticipation by Sickness, Pension by Death, Temporary Revenue by Disability and Individual or Family Funeral Assistance, besides benefits aimed at health and well-being.



## Children Pension

Porto Seguro Previdência Infantil has plans that allow the income of resources for support in the school formation and start of the professional life of the underage. With diversity in the investment funds, it offers two options of plans: PGBL Futuro Garantido and VGBL Futuro Garantido.

It also makes available exclusive benefits, such as Escol@ Online - educating services and contents with 24 hour internet access to help in the studies and preparation in admission exams - 24 hour assistance to the student - which ensures to the children, in case of accident, conditions to keep attending to classes and to have medical treatment, besides family protection coverage - Death, Personal Accidents, Revenue for Disability, Pension for Death to the Underage and family funeral assistance.

## Vida Mais Mulher

A product created specially for the female audience, made up of warranties of a traditional life insurance and exclusive benefits. The policyholder has a compensation of 50% of the value of the capital contracted in case of cancer diagnostics (except skin cancer), to help in the treatment or as preferred. If so desired, Porto Seguro intermediates the sending of her exams to a second specialized medical opinion. The policyholder may use, also, since the contracting: 24 hours assistance in travel, emergency assistance at home and monthly drafts of BRL 12 thousand (gross value) in capitalization titles. Additionally, she may enjoy the Bem Viver program, aimed at quality of life, with discounts in gyms, pharmacies, aesthetics practices, theater shows sponsored by Porto Seguro and partner restaurants.





## Porto Seguro Aluguel

A market leader in the segment of lease surety insurance, Porto Seguro Aluguel is a product with more than 20 years in the market, widely accepted, which replaces other lease sureties with advantages.

The lease surety insurance is foreseen in article 37 of the tenancy law, ensuring the owner of the property the refund for damages incurred with the rental due to default of the tenant. It ensures the liquidation of rentals and legal burdens, such as water, light, piped gas and condominium, due and not paid.

The insurance also foresees, in an optional manner, the contracting of coverage for contract termination fine, damages to the property and to the internal and external painting.



# Porto Seguro Transportes

It offers products and services aimed at cargo transport or shipping companies, that add reliability and security in the moment of moving goods and merchandise. For owners, the Company makes available Transportes Mais Simples, aimed at micro and small companies; Transportes Embarcador, covering damage caused to the merchandise during transportation in the whole national territory; and Transporte Internacional, which protects import and export operations, through air, water and land ways.

The transporters, on their turn, have the RCTR-C products, that ensure the damages caused to third parties' merchandise in accidents covered. RCF-DC, which ensures indemnification to the owner in cases of theft or loss of the cargo. And "Transportes Unificado", which gathers in the same policy the coverage RCTR-C and RCF-DC.

The policies include diverse risks, since collision and tumbling of the transporting vehicle until cargo theft, and have exclusive benefits, such as exclusive support stations at each 100 kilometers - available in the main roads of the country - and preservation and assistance to the cargo, in cases of accident.

## Transporte Internacional



The novelty in transports insurance in 2012 was Porto Seguro Transportes Internacional, an insurance that was restructured in its operation conditions and also in the availability of a new tool for electronic entry. The changes had the purpose of adding conveniences to the negotiations with the customer.

## Monitored Transports

Other than tracking through several technologies and lending of hybrid equipment, Porto Seguro Proteção e Monitoramento offers the option of lending tracking equipment with own Porto Seguro technology (GPRS communication and dual chip). It has an exclusive Technical Center for installation and maintenance of equipment, with the possibility of installation in the company itself through the Mobile Technical Centers, besides theoretical and practical trainings on security procedures and handling of the tracking equipment to drivers and employees involved in cargo transportation.

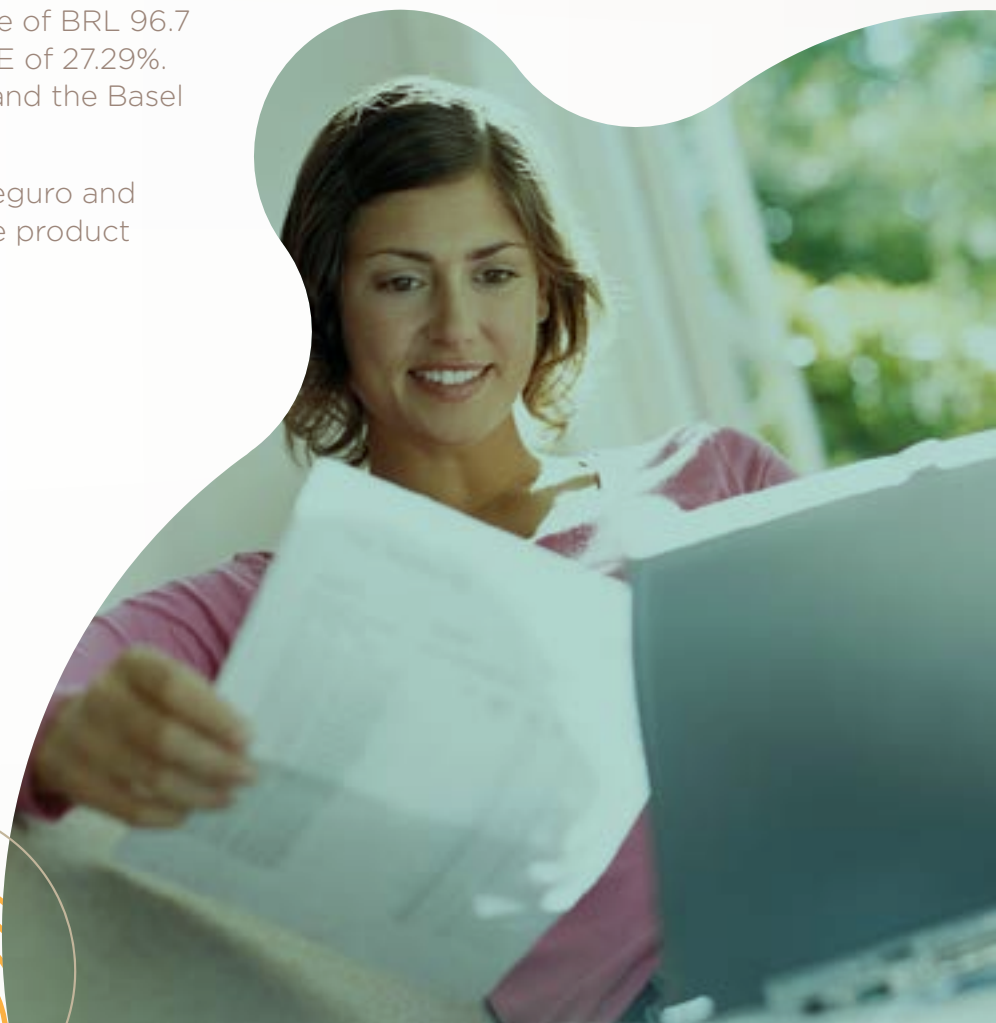
## Financeira

Company established in 2002, it acts in the segment of financing and refinancing of vehicles, consigned credit, working capital and credit card, whose operation was started in 2007.

It has as its strategic goal to facilitate the sale of insurance available in the Company's portfolio. Our operation is aimed at the company's productive chain and has the Insurance Broker as its main distribution channel.

It has 200 employees, a BRL 2.3 billions portfolio and a PDD balance of BRL 96.7 millions. It ended 2012 with net profit of BRL 64.6 millions and ROAE of 27.29%. The Net Equity in December 2012 amounted to BRL 236.6 millions and the Basel index was 14.9%.

Our products seek to add value to the insured customer of Porto Seguro and to create advantages for those who wish to adhere to any insurance product of the Company.



### Credit Card



Porto Seguro Credit Card is accepted in thousands of establishments in Brazil and abroad. Purchases made with it become points in the Relationship Program, and may be exchanged for several products, services and discounts, such as those offered for the renovation of Porto Seguro Auto, of the franchise in case of incident (without redemption of points) and in services in the Company's Automotive Centers. It is available with Visa and Mastercard labels and in international versions: Classic, Gold, Platinum and Ultra, each one with specific advantages.

### Vehicles Financing



Porto Seguro Financing offers conditions for the purchasing of vehicles of all brands and models, both new and second-handed, with simple and agile contracting, allied to a differentiated service and competitive fees. It also provides advantages, such as financing the insurance premium along with the vehicle, points in the Porto Seguro Credit Card Relationship Program, differentiated fees per profile, collection of documents at home, free forwarding agent fees, 36% discount in Porto Seguro Auto, financing of up to 100% of the value of the vehicle and up to 60 months to pay.

For those in need of fast money, but who do not want to lose their car, we offer Auto Credit, a loan modality with the vehicle as a bond, allowing to finance up to 100% of the car value with advantages and facility in the collection of documents at home and 100% discount in fees of the forwarding agent indicated by the financing company.



## Porto Seguro Investimentos

Porto Seguro Investimentos is aimed at the management of the estate of individual and corporate customers, as well as the management of resources of Porto Seguro group, being one of the largest independent managers in the country, with a volume of managed assets above BRL 9 billions.

Based on best practices in the market Porto Seguro Investimentos offers a varied portfolio of Fixed Income, Variable Income and Pension solutions, aimed at meeting each customer's strategy and risk profile, observing their life moment and goals for the future. The company also works with the concept of open architecture, using strict criteria for the selection of the best investment funds available in the market, aimed meeting the specific demands of each customer, including the creation and the management of exclusive funds for high revenue investors.

## Protection and Monitoring

Porto Seguro Monitored Alarms has an electronic security system aimed at the protection of residences, condominiums and companies of all sizes. It has professionals specialized in developing security strategies, who will plan the more adequate equipment for the characteristics of the property, since a simple alarm system to the most complex camera system.

For the monitoring of vehicles, Porto Seguro has the tracker DAF-V, with a system allowing the visualization of the vehicle via internet, as well as establishing and monitoring paths, times and speed.





# Porto Seguro Capitalização

## PortoCap Rental

PortoCap Rental is a capitalization title with a single payment, offered as an alternative at the time of renting a commercial or residential property, waiving credit analysis or proof of revenue, ensuring and facilitating the rental for the tenant, with no need of guarantor and providing security to the owner and to the real estate agency, who have the safety needed to close the deal without any risks.

The contracting is fast and safe for everyone involved and its valid period varied between 12 and 15 months. Each month, the customer runs in a draft of twice the value of the title, by the Federal Lottery, and at the end of the plan, receives 100% of the value invested, corrected by TR. Also, it has the Residence Assistance completely free, exclusive services and benefits that facilitate daily life for Porto Seguro customers.

## PortoCap Incentive

PortoCap Incentive offers all benefits of a promotion, but with more agility and technical support during the whole event. The companies are benefited and reinforce their commercial bonds with their customers.



social and environmental

# responsibility

social and environmental responsibility have found  
the ideal environment  
at Porto Seguro.



Concepts and attributes of social and environmental responsibility have always been a concern in Porto Seguro's corporate and business strategies.

For Porto Seguro, sustainability is directly associated to processes that may keep themselves and improve with time based on social justice, economic balance and cultural diversity aspects.

After all, more and more the society expect from companies something beyond good products, services and attention: the capacity of being together with everyone in the search for a more ethical, fair and healthy world.





## social projects

Porto Seguro's social projects are based, specially, on professional education and training to contribute for the development of an egalitarian and society which values citizenship. In 2012, the following projects were highlighted:

### Voluntary program

For more than ten years, Porto Seguro has been providing to employees, services providers and brokers the opportunity of engaging into voluntary actions in partner social organizations in the whole Brazil. In 2012, we had 1,794 voluntary participations in the 62 actions made by the company's voluntary group, which served approximately 75 thousand people, through voluntary actions as: social and educative activities, educating lectures and days out, with subjects inspired on the Millenium Goals.\*



\*In the year 2000, UN - United Nations Organization, when analyzing the main worldwide problems, has established 8 Millenium Development Goals - MDG, which in Brazil are called 8 Ways to Change the World - that should be met by all countries by 2015.

### Collection campaigns

Throughout the year, collection campaigns are made through the whole Brazil. In 2012, 105,601 items were collected, such as: clothes and shoes, toys, school material, hygiene products and food, that were sent to institutions enrolled by Porto Seguro.



### Fitness in the square - Better age

The project "Ginástica na Praça" consists of fitness classes for a better age group of the community in the central region, that are made at Praça Princesa Isabel, in the region of Campos Elísios in São Paulo. The activity occurs at Mondays, Wednesdays and Fridays, from 7:45 AM to 8:30 AM. In 2012 approximately 40 people participated in the project.



## Casa Campos Elísios Melhor

Established in 2005, Casa Campos Elísios Melhor has the purpose of promoting education, professional training and the generation of work and revenue exclusively for the low revenue community. In 2012, approximately 5 thousand services were made, through social and economical interviews, events, workshops for children and professional courses.



### Professional training courses

Professional training courses have the purpose of providing an improvement of the social and economic condition, through individual valuation and access to employment.

The audience served is made up of people in risk and social vulnerability situation, between 16 and 60 years old. After the end of the course, Porto Seguro sends the students with satisfactory learning to the work market.

In 2012, there were 2,054 people trained in computing courses, training for the first job, reception, administrative techniques, mechanics, body shop, electrics and hydraulics, monitored alarms assistant and call center operator, as well as “Amigos do Seguro”, made in a partnership with Escola Nacional de Seguros.







#### Revenue generation

Work and revenue generation courses are directly connected to informal, autonomous and entrepreneur employability.

In 2012, 230 people participated of hair styling, manicure, computer assembly and maintenance courses, as well as crafts workshops – such as fabric painting techniques, biscuit, jewelry, fabric coating, decoupage and felt. After the course, former students of crafts workshops are invited to participate of sales promoted by Porto Seguro.



#### Children education action

The Ação Educa project aims at the supplementation of formal teaching activities, through pedagogic workshops based on transversal themes. The purpose is making learning more attractive through sports and culture activities, also raising more interest on the basic concepts of cooperation and citizenship. The project is aimed at children and teenagers from 6 to 15 years, that live in the surroundings of Campos Elísios neighborhood, and it is divided in classes according to age range, with activities made up simultaneous workshops, such as: cooperative sports, capoeira, dance, music, incentive to reading and writing, crafts, computing and futsal. In 2012, 129 children registered were served.

## Associação Crescer Sempre



Porto Seguro started activities of Associação Crescer Sempre in 1991, with the program Educação em Parceria, whose purpose is contributing for the improvement of the teaching quality in public state schools in Paraisópolis. The contact was started with the state school Professora Etelvina de Góes Marcucci, where the initiative was so successful that, in 1997, allowed the enlargement of this program for one more school of the community, the state school Professor Homero dos Santos Fortes. Based on this experience and on social analyses made in the community, the educators involved identified a large number of children that were reaching the first year of what was then called primary teaching without having attended children education, a service that was missing in Paraisópolis at that time.

From this need, in 1998, it was created Associação Crescer Sempre Escola de Educação Infantil, a segment of direct service with no profit purposes. The children education school served, in 2012, 500 students in the 4 to 6 years old age range. The services provided to children are totally free. In order to be enrolled in the association, it is necessary for the children to live in Paraisópolis, to be registered in a list of demand and should undergo an interview and social visitation.

In order to give continuity to its educating project, Associação Crescer Sempre, in 2008, made up the first class of intermediate learning students. Today, there are 90 students distributed in the three years of the intermediate learning, who have a daily load of 9 hours, in which they receive from Crescer Sempre learning, food in the location, uniform and learning material.

In the respective years of 2003 and 2009, the program Educação em Parceria started serving state schools Maria Zilda Gamba Natel and Governador Miguel Arraes.

In the development of actions, Associação Crescer Sempre - Educação em Parceria - searches the accomplishment of democratic principles, reaffirming the enforcement of the state's policies, valuing and respecting the autonomy of Schools. It articulates its acting based on principles of social participation and critical awareness. In the performance of its purposes, it engages state schools and other bodies external to the school community.

The conception of partnership that bases the actions of Educação em Parceria, valuing transparency, searching the collective good and comes from the recognition of the need of supplementation between public and private institutions and the society. In 2012, Educação em Parceria projects earned the following results: 5,000 students benefitted, 217 educators, 1,624 hours of educators formation. The Educação em Parceria program, an initiative of Porto Seguro in Paraisópolis, inspired the program Empresa Educadora of São Paulo State Education Secretary and a group of businessmen that established Associação Parceiros da Educação.

## environmental projects

Porto Seguro's environmental projects have two acting lines: Environmental Education and Environmental Management Education.

The purpose of Environmental Education is to educate our target audience (employees, brokers, vendors, suppliers, customers and community) for the importance of social and environmental matters and to engage them for a change of attitude in the daily execution of their actions.

The Porto Seguro environmental management system has as its purpose to eliminate environmental risks, to meet the applicable legislation and to improve the environmental performance of the company and its partners, besides minimizing costs. It develops and implements preventive and corrective actions in the company and recommendations for partners, through the establishment of procedures, conducts, rules and techniques that manage the environmental aspects and impacts coming from its activities.

### environmental education projects



#### (Abrigo Dom Bosco project)

collection of recyclable materials generated in São Paulo downtown.

This shelter, kept by the Salesianos – Liceu Coração de Jesus network, is a living place for collectors of recyclable materials, who search for social reintegration through the

We sought, with this project to balance actions for environmental preservation (by arranging for materials to return to the productive cycle through recycling), social inclusion (by encouraging the participation of citizens and fighting exclusion to the benefits of life in society) and revenue generation (by allowing the group to have financial returns from garbage sorting).

In 2012, 15 meetings happened, as breakfasts, with people sheltered who search the creation of a cooperative to leverage even more the collection of materials, aiming to encourage communication within the group, the cooperation and organization sense and the management of residues collected. Other than that, this work also includes partnership with establishments in São Paulo's downtown to increase the network of locations that make materials available to the group.

### ( Earth Hour )

Since 2008, our buildings have been turning off the lights from 11:30 a.m. to 01:30 p.m. These efforts are aimed raising awareness about the smart use of electricity. We are contributing to the planet by using less energy and thereby saving Earth's resources.

In 2012, we saved about 110 mWh. The Earth Hour Program has saved 733,331.94 kWh overall. This is tantamount to the average monthly consumption of 4,074 São Paulo families. The program also helps us by lowering our electric bill.

### ( Cooking Oil Recycling Campaigns )

We started our Cooking Oil Collection and Recycling Campaign in 2008 to raise awareness about the consequences of the improper disposal of cooking oil and show that it can be recycled and repurposed into biodiesel, a renewable fuel that is cleaner than diesel fuel and indirectly used in our tow trucks. In 2012, we recycled over 475 gallons of used oil. Furthermore, our campaign was expanded to 54 new branches. In some cities, like Rio de Janeiro, used cooking oil is collected by recycling co-ops, which fosters social-inclusion and income generation efforts.





### Environmental education in schools

Through projects shaped according with the reality

of schools and age range of its students, it searches to encourage the engagement of public schools with social and environmental and citizenship matters, encouraging teachers, coordinators and students to internalize the social and environmental dimension and to multiply sustainable actions.

In 2012, we have made this initiative with 30 children of 3 to 4 years old from CEI Coração de Jesus, teaching them about the importance of preserving the environment and their health, through practical and creative actions that encourage a new perception of the reuse of one's own residues.



### Cards, cells and batteries recycling campaigns

When disposed in common trash, plastic or magnetic cards, power cells and batteries end up in landfills or open air garbage, where they start to

decay, contaminating the environment. The cards are harmful because they have non-biodegradable substances, as chips, paints and magnetic strips. On the other hand, power cells and batteries, contain heavy metals, such as mercury, lead, cadmium, nickel, among others. These elements are highly toxic and cause damage to soil, water, wildlife and vegetation. The purpose of this campaign is to offer customer and non-customer the reverse logistics of magnetic cards, which meets the National Policy of Solid Residues.

After being correctly collected and stored, the material collected during the Campaign is sent to companies specialized in reprocessing, duly approved by the Social and Environmental Responsibility. For example, from the items that make up cards will be taken elements for the manufacture of PVC pipes, conduits for electrical wiring, manufacture of plastic materials; from power cells and batteries, salts and oxides for the production of refractory materials. In 2012, 2,420 kilograms of electro-electronic residues (cards, cells, batteries, wires and cables, mobile phones) were sent for recycling.





## environmental management system projects

( Automotive residues management program  
- Porto Seguro Automotive Center )

With Porto Seguro environmental management system, Porto Seguro automotive centers have

adopted an automotive residues management program, which is a preventive and corrective action plan to eliminate the risk of environmental impact of their residue. Among the program's goals, there are:

- Elimination of the risk of environmental pollution coming from hazardous residues generated in the automotive centers;
- Social and Environmental Responsibility program for the automotive centers through social inclusion and generation of revenue, through the donation of ferrous scrap to material recycling cooperatives duly approved for social and environmental criteria;
- Routing of residues to companies approved by the Social and Environmental Responsibility area for the handling of dangerous residues – Class I;
- Fitting and standardization of the storage and disposal infrastructure environmentally adequate for residues;

In 2012, 28 specialized companies were approved, with nationwide, statewide and/or regional acting, for the handling of contaminated residues. Approval criteria are: Articles of Incorporation; Operating permit; CTF-IBAMA; Operating License; Certification of Handling of Environmental Interest Residues – CADRI - (only in the state of SP); Technical opinion of the environmental body in charge; Report of inspection by the Fire Department – AVCB; Management Systems Certifications: Quality, Environmental, Health and Safety; Query of Vendors' Environmental Evaluation.

All automotive centers of the state of São Paulo (i.e. 99 centers) have acquired a residue management contract, in other words, they are regularized. In the Greater São Paulo, 52 centers participate of the scrap collection program by Cooper Vira-Lata, a residues recycling cooperative with purpose of social inclusion and generation of revenue for disenfranchised people.



### ( Automotive residues management program - Reference workshops )

In the company's reference workshops, the automotive residues management was developed, as a preventive/

corrective action plan for activities of Porto Seguro's business partners with high polluting potential, and consequent high environmental risk. The main goals of the program are as follows:

- To route, in an environmentally correct manner, all the automotive residues generated in reference workshops;
- To eliminate risk to the image and environmental pollution - fines to the reference network;
- Fitness and environmental compliance for reference workshops;
- develop a social inclusion and work and revenue generation program through recycling - partnership with Cooper Vira-Lata.

In 2012, we enhanced the program to more 27 workshop, for a total of 37. Residues contaminated with oil, grease, solvents and paints are sent to specialized companies. On the other hand, automotive scrap (door, hood, wheels, etc.) are sent to Cooper Vira-Lata, a residues recycling cooperative with purpose of social inclusion and generation of revenue for disenfranchised people.

### ( Trash sorting program )

The purpose is to route recyclable materials generated in the Corporation for recycling, through social projects and cooperatives that sell the materials directly to the industry, aiming the

generation of work and revenue, besides enabling social inclusion and transformation.

In the headquarters complex and in Greater São Paulo branches, recyclable and organic residues are taken by a residue transporting company. Organic residues are routed to landfills and recyclable residues are sent to a cooperative, which sorts the material and sells it to recycling industries.

In 2012, 30 tons of paper, 5 tons of cardboard and 14 tons of plastic were recycled.



### ( Inventory of greenhouse gases emission )

The inventory is a tool used to identify greenhouse gases emission sources and to account for their equivalent carbon quantity emitted by the organization in its operations.

In 2012, it subscribed to the program GHG Protocol Brasil, the tool more used worldwide by companies and governments to understand, quantify and manage their emissions, counting with training to better understand the tool and to improve data control/gathering.

Porto Seguro emissions were disclosed in the Public Register of Emissions:

[www.registropublicodeemissoes.com.br](http://www.registropublicodeemissoes.com.br).



## sustainable businesses: and environmental concepts, opportunities and risks that add value to business and to the planet.

Throughout the last years, Porto Seguro's social and environmental initiatives have been growing in a consistent manner. An example of that was the inclusion of this positioning in the company's mission statement. With this achievement and visibility, employees and other audiences of Porto Seguro started to see its activities and business from the point of view of sustainability.

With this new acting model, sustainability in the company starts to be integrated and systemic, turned to each of the countless products and services, potentiating the lightness and kindness with which the company seeks to meet its target audiences.

Noticing the importance of this movement, the insurance market has also acted to consolidate the culture of sustainability, with the launch, in June 2012, of PSI – Principles for Sustainability in Insurance, an initiative from the United Nations Environment Program/Financial Initiative – UNEP/FI in partnership with CNseg (National Confederation of General Insurance, Private Pension and Life, Supplementary Health and Capitalization Companies). In this same year, Porto Seguro subscribed to PSI, since it believes that this movement will certainly contribute for the establishment of a new awareness among companies in the segment. In order to meet the goals of PSI, Porto Seguro adopts, as described in this report, actions in synergy with principles as: a directive of social and environmental responsibility that guides us in the decision making, inclusion of social and environmental clauses in providers contracts, training and dialogues with employees and services providers regarding the relevance of environmental, social and governance issues, as well as the integration of such issues to the process of competition and selection in the company's supplier chain.

In 2013, Porto Seguro intends to increase the study and development of projects that reduce environmental impacts and generate social and economic opportunities for the whole productive chain, in a fair and egalitarian manner.



## cultural responsibility

The Company, aiming at valuing the Brazilian culture, sponsors concerts and drama shows. In 2012, 1,108 projects were sponsored, such as plays, exhibitions and concerts, among others, aimed at adults and children in the whole Brazil, benefiting the audience with discounts and promotions.

One of the main criteria for the selection of cultural projects by Porto Seguro is the innovative aspect. Instead of basing its choices only on the presence of recognized names, for instance, Porto Seguro prefers to invest in projects of varied sizes, but that may be significant and original. An example is the 1993 play Tamara, that used as a setting the manor of the headquarters complex, passing through its several rooms.

### Exhibition: Theater with photos by João Caldas

The photographer João Caldas registers, with his lens, the trajectory of contemporary theater in Brazil. This iconographic survey, now represented by the launching of a historic book, will also be registered as an exhibition at Espaço Cultural Porto Seguro. The exhibition gathered 53 photos by João Caldas, portraying presentations sponsored by Porto Seguro. Fotos of plays as “Adultérios”, with Rodrigo Lombardi, “Cruel” with Reynaldo Gianechinni, Maria Manoella and Erick Marmo, “O Inferno sou Eu” with Marisa Orth, “Sem Pensar” with Denise Fraga and “Cada um com seus problema” with Marcelo Médice. The exhibition was opened to the general audience with free admission during the week and also in the weekends.





## Cultural Sponsorships

Porto Seguro highlights its presence in the cultural area valuing several kinds of artistic manifestations, through the grant of cultural sponsorships. The intention of the Company is to encourage the movement in this sense and to benefit customers and their company through the granting of discounts for the initiatives it supports.

In 2012, the Company aimed resources for more than 1,108 projects. Among the actions sponsored there are drama plays, musicals, photo exhibitions and popular music and culture shows.

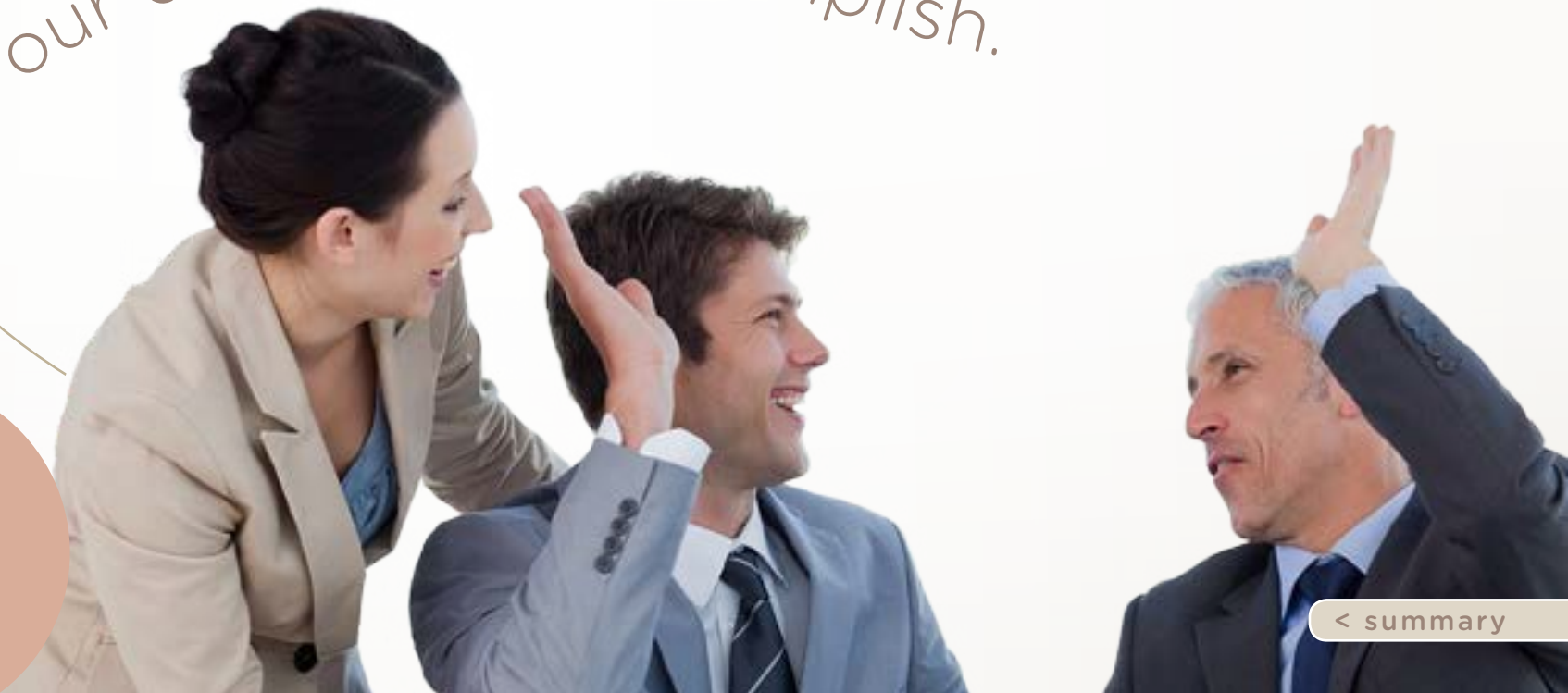
The main attractions in 2012 were:

“Priscila - Rainha do Deserto”  
“Sem Pensar” with Denise Fraga  
“Adultérios” with Fabio Assunção e Norival Rizzo  
“A Partilha” with Suzana Vieira  
“Razões Para Ser Bonita” with Ingrid Guimarães  
“Jacinta” with Andrea Beltrão  
“Eu Era Tudo Pra Ela, e Ela Me Deixou” with Marcelo Médice  
“Dona Flor e Seus Dois Maridos” with Marcelo Faria and Fernanda Vasconcelos  
“Raimunda, Raimunda” with Regina Duarte.



# results

The dream that pushes us forward and makes us evolve  
is our capacity to accomplish.



Our results are sole and uniquely  
the reflex of our way to think,  
to search for growth with profitability,  
to grow and to innovate.



## performance in the insurance market

Though the Brazilian economy has presented a low growth in the year 2012 (GDP: +0.9%), the employment level remained warmed up, with a positive impact on the population revenue growth. In 2012, the insurance industry grew up 22% compared to the previous year, ratifying the potential of the segment. The performance of the insurance industry has been above the GDP, with the average growth being 15% in the last 10 years. The product VGBL had an average growth of 24%, followed by the products Vida, with 17%, Patrimonial, with 14%, Saúde, with 13%, and Automóvel, with average growth of 11%.

Among the measures taken by the government in an attempt to boost the economy, the reduction of IPI for new cars was specially beneficial due to the multiplying effect that the car industry has in Brazil.

The country earned evidence in the last few years due to factors such as its election to host the World Cup of Soccer in 2014 and the Olympic Games in Rio de Janeiro in 2016, besides the discovery of pre-salt, events that should boost the economy in a near future.

However, one of the factors with most relevance for the optimism projected for the next few years is directly related to the so called “demographic bonus”. In a nutshell, this is a period in which the economically

active population widely surpasses that of dependents, made up of children and the elderly. Currently, the country has two workers for each of these dependents. According to specialists, the “demographic bonus” is the ideal condition for the development of an economy.

However, for this new condition to be conveyed in effective results, it is necessary to consistently invest on infrastructure and education, in order to confirm Brazil in its worldwide highlight role. Once these challenges are set off, and considering the estimation that in the next 20 years the country will have a higher concentration of people of the age range between 15 and 60 years (who, with more employment and their basic needs supplied, will be able to achieve a greater estate), a scenario of greater growth opportunities is projected for the insurance market.

Regarding the insurance industry, the current penetration of insurance represents a significant growth opportunity (about 3.2%). In developed countries, such as the United Kingdom, the United States, Germany and Canada, this participation is above 8%.



Conversely to this scenario of low participation of insurance in Brazil, there is the fact that the population's purchasing power has been enhanced. While in 2003 the class C represented only about 38% of the population, currently it already represents about 53%, or approximately 100 million people. The insurance market has been observing the importance that the class C has been acquiring and the need to create accessible products and payment methods to the less favored revenue segments.

Today, on average, only a third of the fleet of Brazilian vehicles is insured. The markets of São Paulo and Rio de Janeiro are the most mature ones, but even on then, there is still room for growth. In other segments of insurance, such as home, dental and health, the penetration is also low, around 10%, 9% and 26%, respectively.

However, for these expectations to really be accomplished, the forecasts of economic performance and the

Today, on average, only a third of the fleet of Brazilian vehicles is insured. The markets of São Paulo and Rio de Janeiro are the most mature ones, but even on then, there is still room for growth.

demographic bonus should be made true. Brazil needs to keep evolving and increasing the population revenue and the insurance market. Specifically, it should search for rules and resolutions that allow the development of products able to meet increasingly bigger audiences, from several niches and revenue segments. It is also necessary to disseminate the insurance culture, both in the main urban centers and in the more remote regions.

Regardless these obstacles CNSEG (National Confederation of General Insurance, Private Pension and Life, Supplementary Health and Capitalization Companies) projects that total insurance should grow about 15% per year until 2015.





## Porto Seguro performance

The year 2012, though challenging, was positive for the company. The macroeconomic scenario presented large diversities such as the economy in deceleration, increase of violence and inflation pressure.

In the insurance market, we have faced an intense competition in the first semester of the year, specially in the car segment. We have also seen an increase in criminality, which reflected in the frequency of robberies to cars and residences.

At Porto Seguro, we have a strategy focused on the recomposition of margins, and even so, we managed to grow in all the business lines. ROAE reached 17.3% in the year. The premiums accrued were 13% higher and the total revenues have grown 14%,

reaching 11.5 billions of Reais. A highlight goes to the car product by Azul, our brand focused on prices, which presented a 29% growth with a reduction of almost 4 p.p. in the incidence of events.

...The operating performance of insurance was better in 2012 compared to the previous year. The combined index reached 99%, a reflex specially from the reduction of administrative expenses, fruit of our efforts to improve operating efficiency.

The operating performance of insurance was better in 2012 compared to the previous year. The combined index reached 99%, a reflex specially from the reduction of administrative expenses, fruit of our efforts to improve operating efficiency. Investments made on the optimization of processes, in the implementation of systems and adjusts in our management models, more adequate to the rationalization of costs, allowed an improvement in the

index of administrative expenses in approximately 1 p.p., reaching 16.6%. This set of initiatives is part of our goal of expenses containing, that should be followed in the next few years.

The financial side has also contributed to improve our profitability, and even before a scenario of lower interest rates (-27%), we achieved consistent nominal returns. The financial result was 9% higher (2012x2011) and we achieved an expressive profitability of 167% of CDI.

In businesses that are not insurance, the revenue grew almost 40%, boosted specially by revenues from credit operations (Credit Card and Financing), which were increased in more than 50% per year.

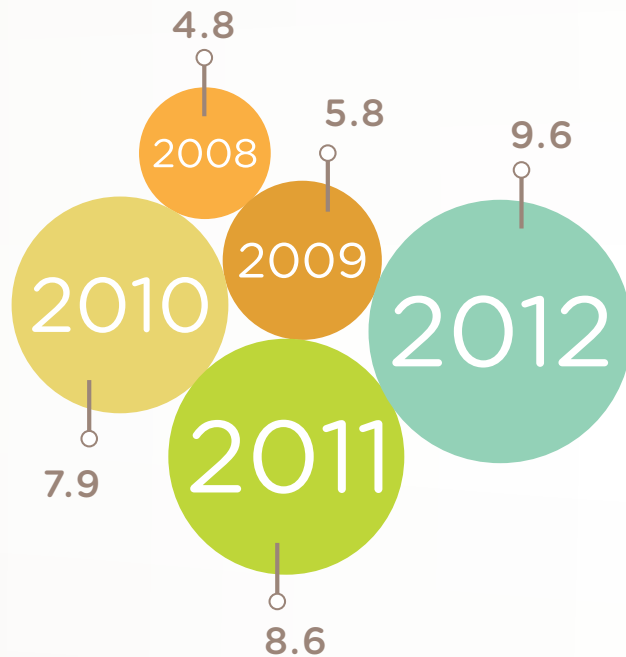
The profit share in other businesses represented 15% of the total profit of the company, with 3 p.p. (2012x2011), emphasizing our model of diversification of business together with the operation of insurance.

Additionally, we have increased the operating structure, built more automotive centers and service centers, besides medical centers. We have also established new branches, reinforcing the commercial structure, in line with our goal of the company's expansion in the whole country.

Finally, our thanks go to all the employees, providers and brokers who worked with dedication and commitment in the year 2012. We will keep ahead with our strategy of growth with profitability, seeking to boost our brand in the several segments and channels where we act.

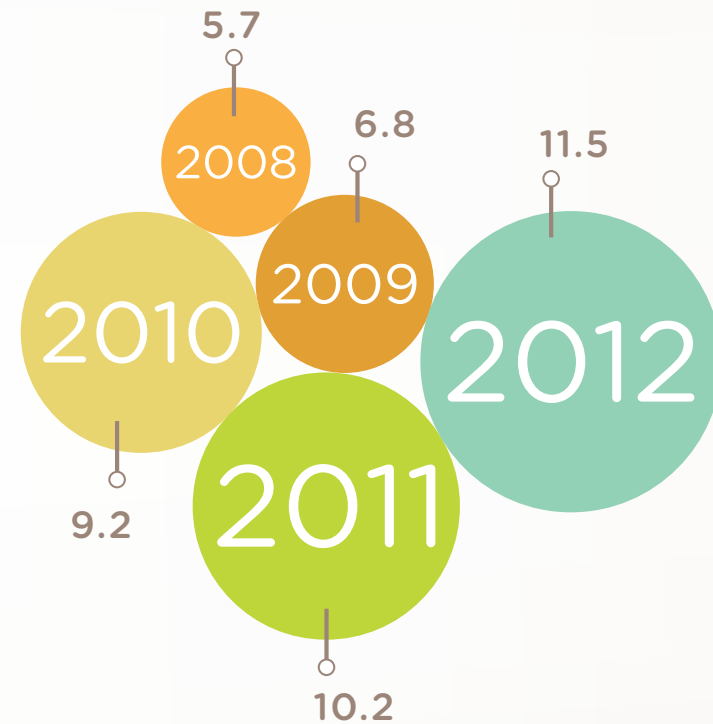
## premiums accrued

(BRL billions)



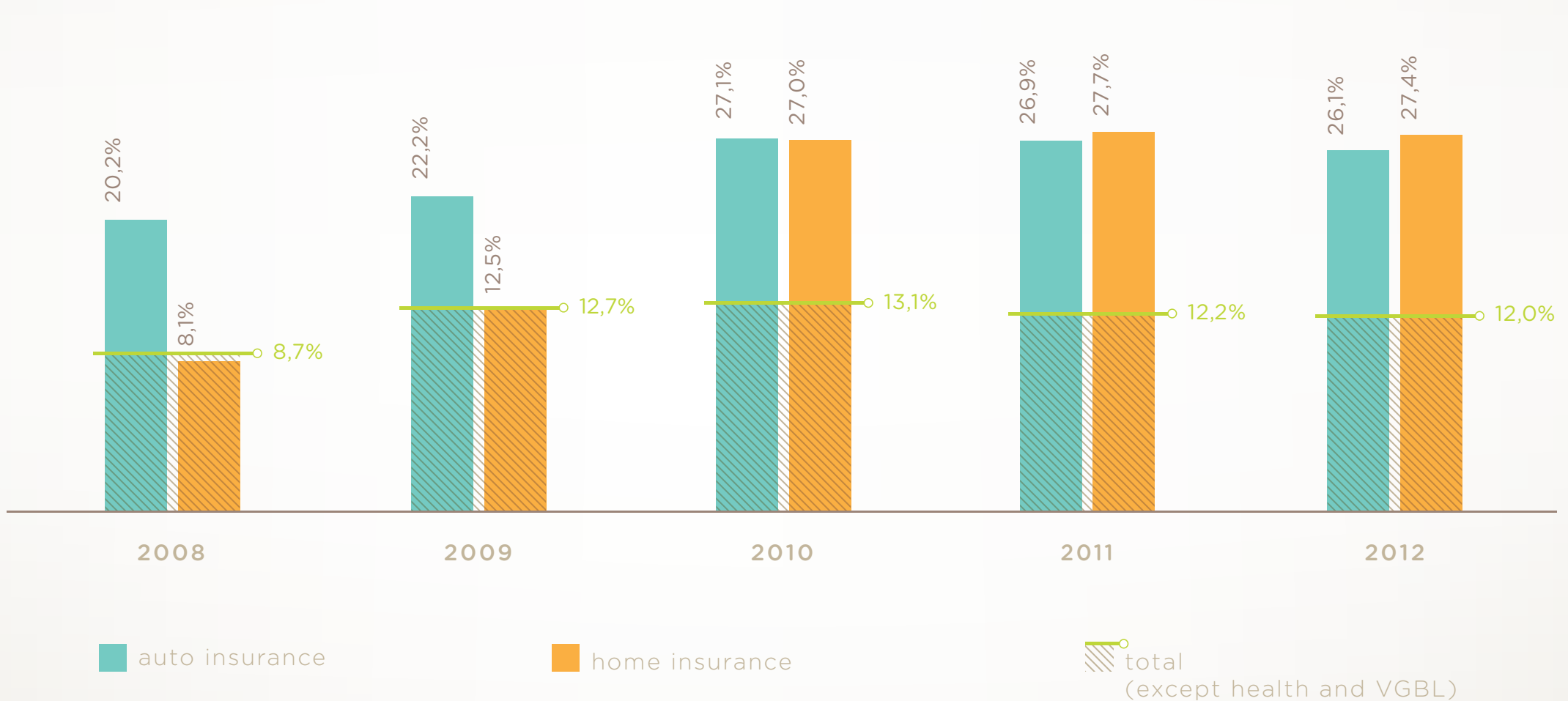
## total revenue

(BRL billions)

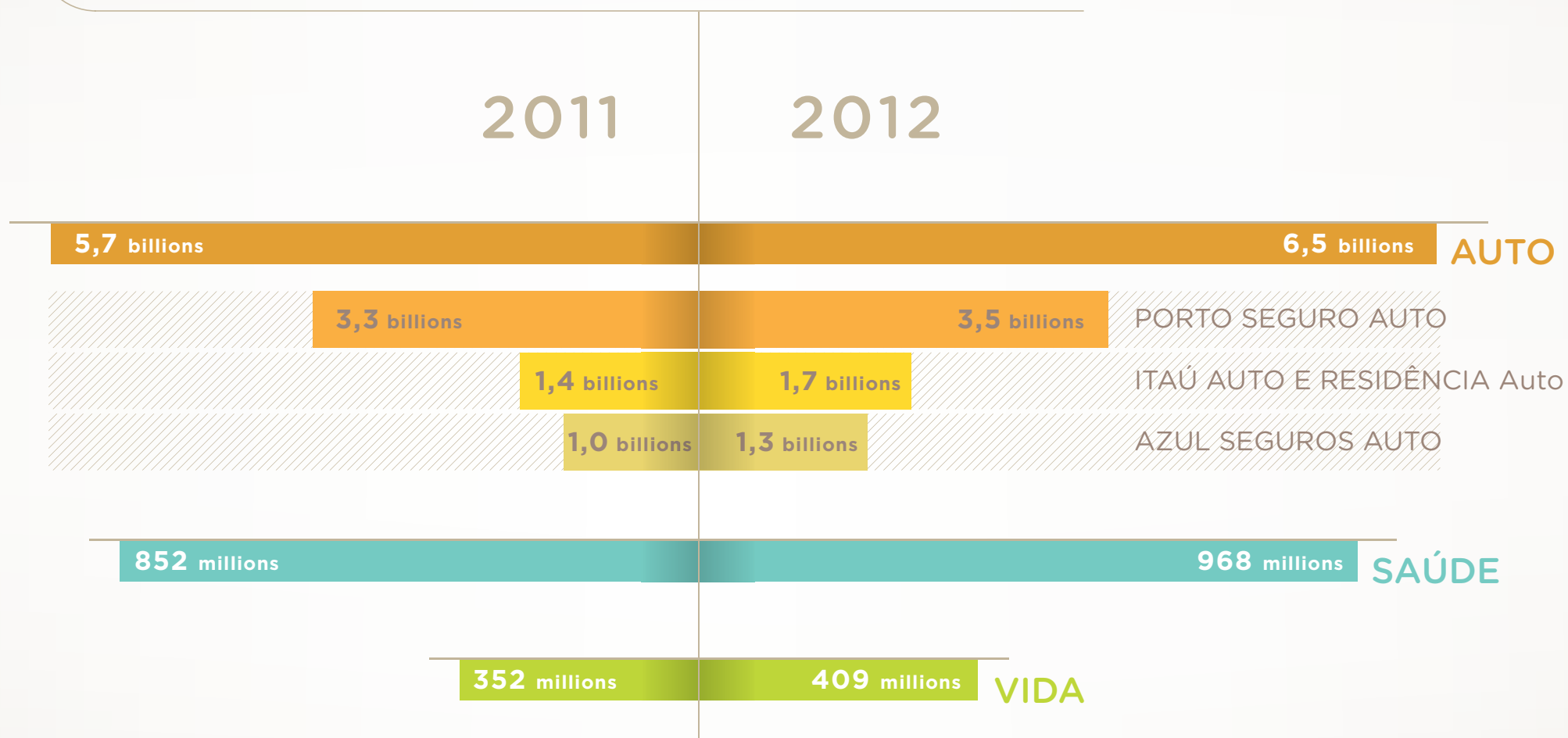


# insurance market share

(sum of participations of Porto, Itaú and Azul)

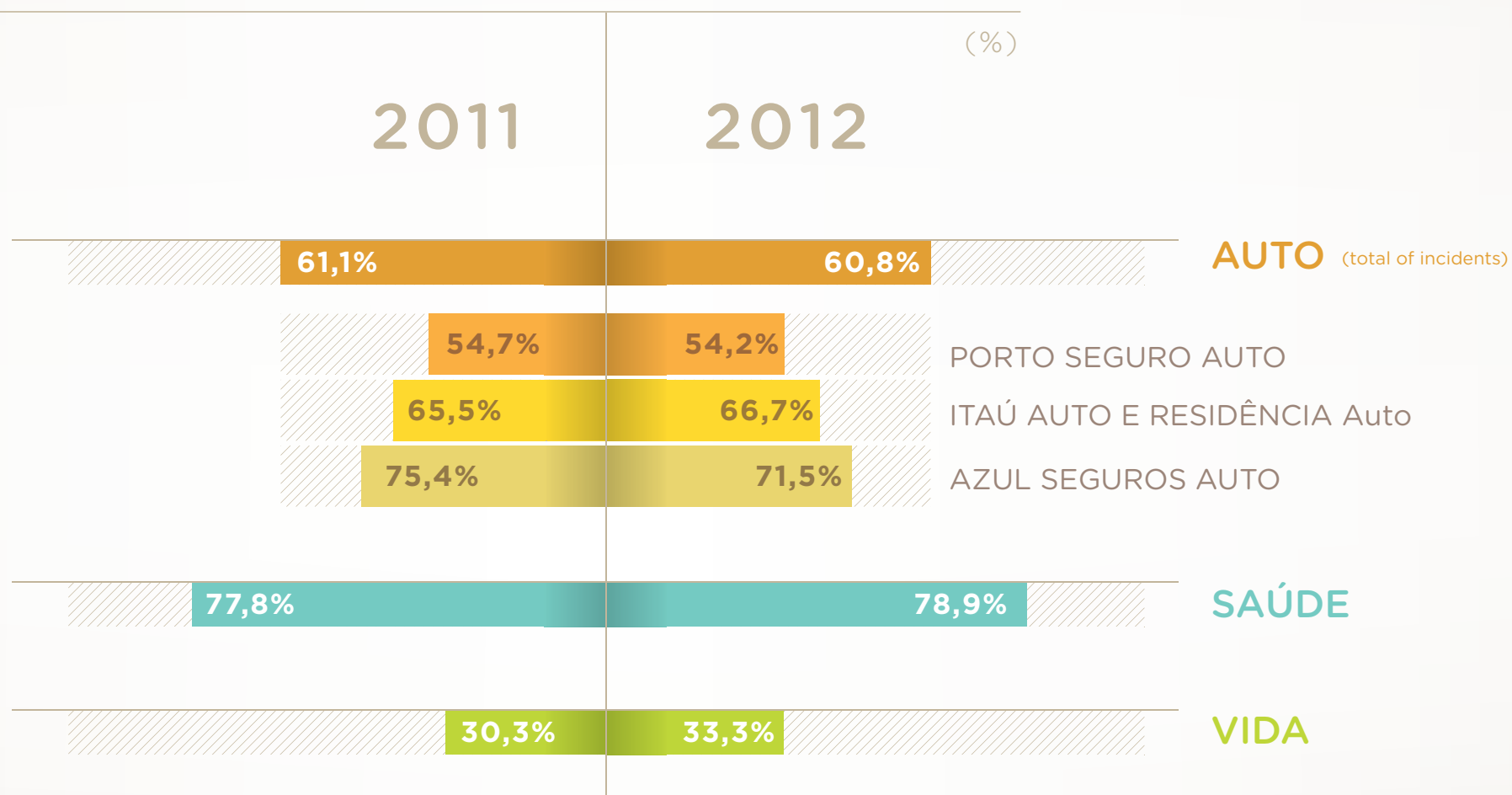


## results of premiums

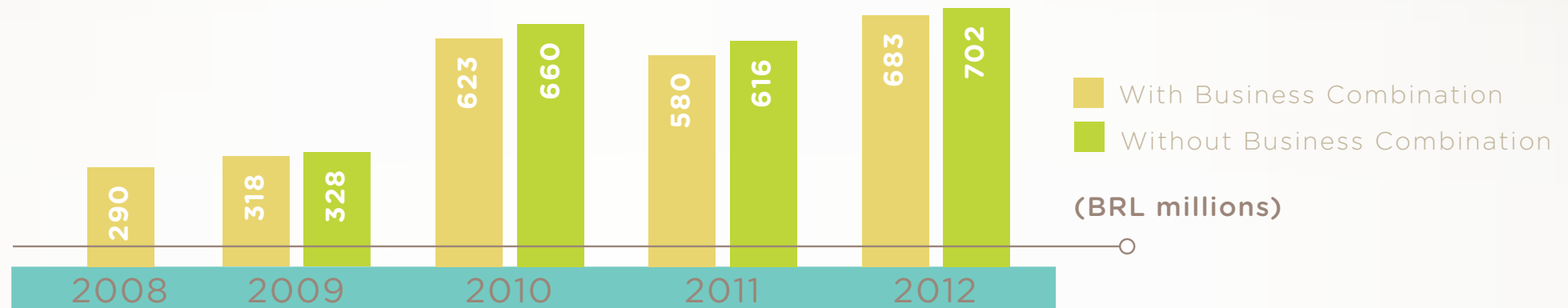




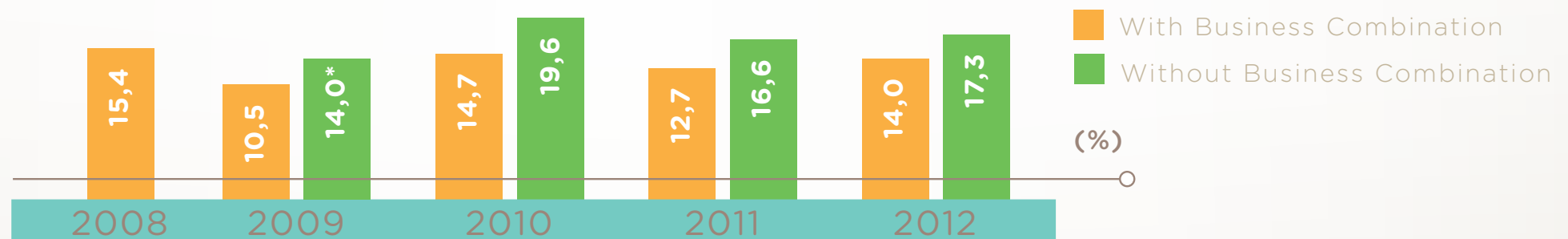
# incidence of events



## net profit evolution



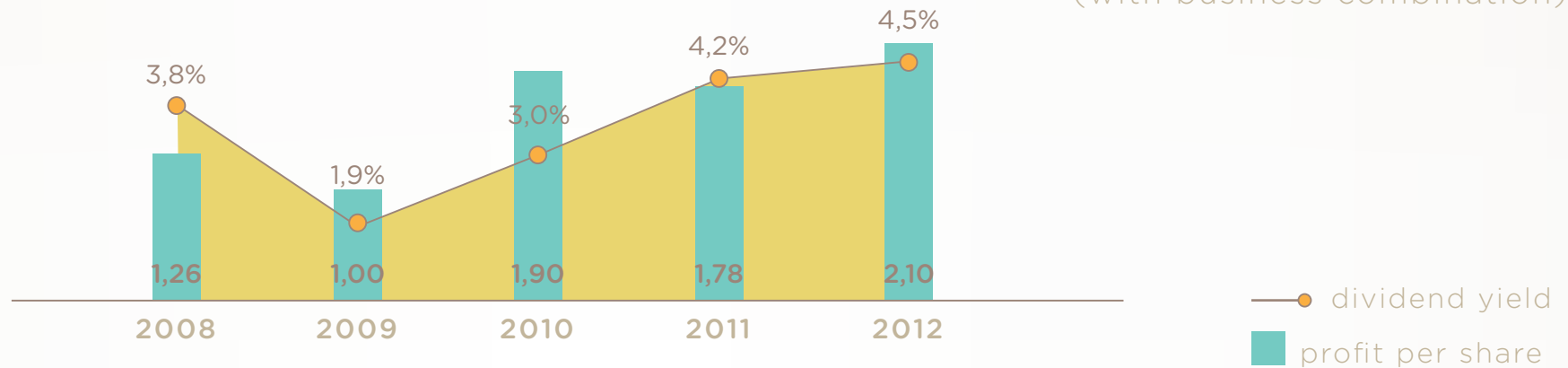
## ROAE return on average estate



\* Except Itaú Auto and Residência, incorporated in the fourth quarter.

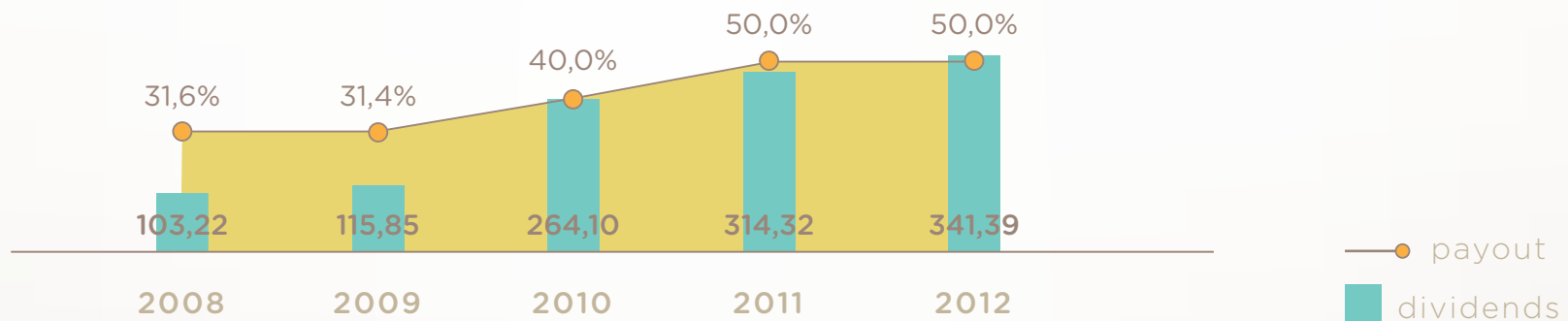
## profit per share and dividend yield

(with business combination)



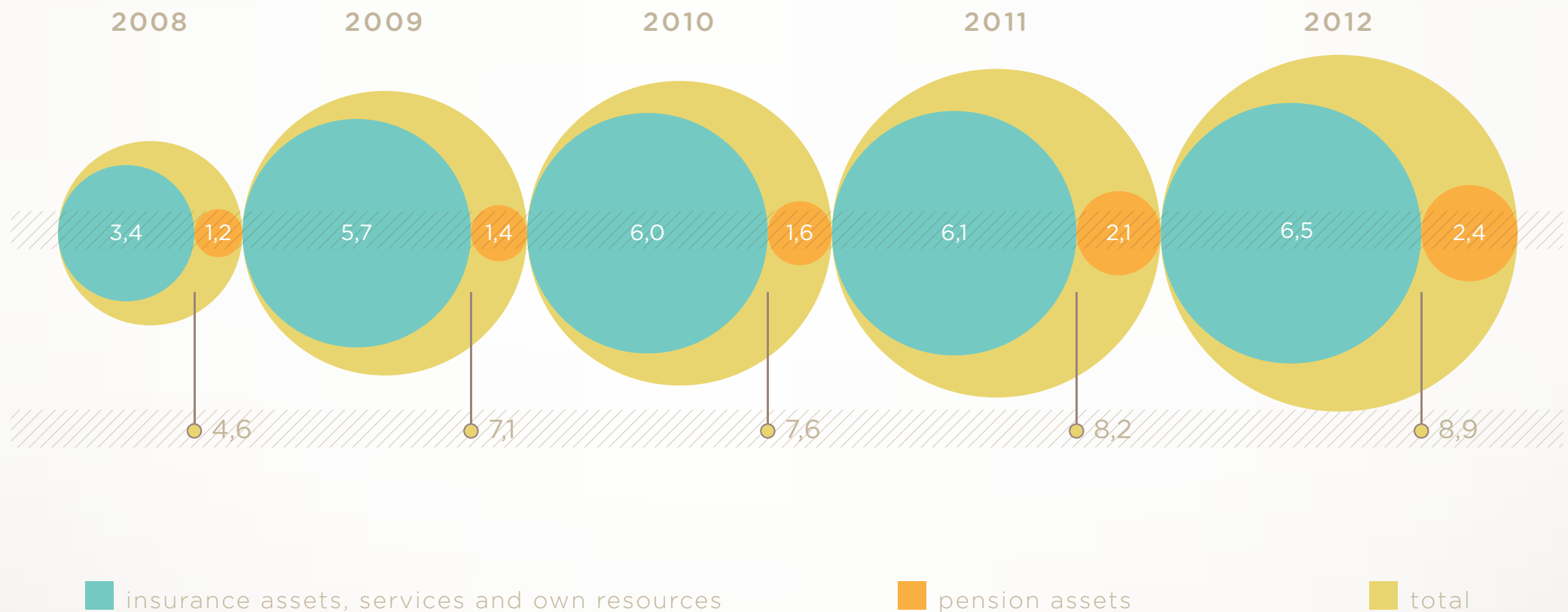
## evolution of dividends and JCP

(with business combination)



# applications portfolio

(in BRL billions)



# general information

## Stocks in Brazil

Custody Bank - Banco Itaú S.A.

## Business Relationship Management

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Note: Service to shareholders is made through the system of the bank's branches.

## Independent Auditors

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## Investors relationships area

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## Publications and Information

All the relevant facts, disclosure of results and other communications of the Company to the market are disclosed simultaneously at CVM/ Bovespa and in the investors relationship area in the Company's website (**[www.portoseguro.com.br](http://www.portoseguro.com.br)**), besides of being later sent via e-mail to people who subscribe to it. Full financial statements are published in an yearly basis on the newspapers O Estado de São Paulo and in São Paulo State's Official Gazette. Quarterly financial statements, press releases, presentations, relevant facts and notices to shareholders are available in the investors relationships areas of Porto Seguro's website (**[www.portoseguro.com.br](http://www.portoseguro.com.br)**).

More information about the Company may also be obtained at Bovespa (**[www.bovespa.com.br](http://www.bovespa.com.br)**) and CVM (**[www.cvm.gov.br](http://www.cvm.gov.br)**) websites.



# glossary

**Policy** Insurance contract that sets forth rights and duties of the insurance companies and insured clients

**Brokers** Insurance brokers authorized to intermediate the trading of insurance in Brazil

**DPVAT** Compulsory Insurance for Personal Damage Caused by Automotive Vehicles in Roads

**PGBL** Free Benefit Generating Plan

**Porto Seguro** Porto Seguro Companhia de Seguros Gerais

**Porto Seguro Consórcios** Porto Seguro Administração de Consórcios Ltda.

**Porto Seguro Proteção e Monitoramento** Porto Seguro Proteção e Monitoramento Ltda.

**Porto Seguro Saúde** Porto Seguro – Seguro Saúde S.A.

**Porto Seguro Uruguay** Porto Seguro – Seguros del Uruguay S.A.

# glossary

**Porto Seguro Vida** Porto Seguro Vida e Previdência S.A.)

**Portopar** Portopar Distribuidora de Títulos e Valores Mobiliários Ltda.)

**Portoseg** Portoseg S.A. – Crédito, Financiamento e Investimento)

**Premium** Counterpart due by the insured to the insurance company)

**Premiums accrued** Total premiums subscribed during a given period)

**Premiums earned** Share of insurance premiums corresponding to the share already elapsed of the coverage period of the policy)

**Incidence of events** Rate obtained by the division of the total of incidents retained by the total or premiums earned)

**Incident** Event that grants the insured the right to receive a compensation paid by the insurance company)

**VGBL** Free Benefit Generating for Life: a product aimed at the formation of redeemable savings)

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