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IRB Brasil RE

Líder em resseguros no Brasil

Quarterly Information - ITR

September 30, 2019

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Report on review of quarterly information

To the Board of Directors and Shareholders
IRB-Brasil Resseguros S.A.

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of IRB-Brasil Resseguros S.A. ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended September 30, 2019, comprising the balance sheet at that date and the statements of income and comprehensive income for the quarter and nine-month period then ended, and the statements of changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company and consolidated interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC) and International Accounting Standard (IAS) 34, Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.



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Other matters

Statements of value added

The quarterly information referred to above includes the parent company and consolidated statements of value added for the nine-month period ended September 30, 2019. These statements are the responsibility of the Company's management and are presented as supplementary information under IAS 34. These statements have been subjected to review procedures performed together with the review of the interim accounting information for the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and consistent with the parent company and consolidated interim accounting information taken as a whole.

Rio de Janeiro, November 5, 2019

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Patricio Marques Roche
Contador CRC 1RJ081115/O-4

3Q19 Earnings Release

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EARNINGS RELEASE – 3rd QUARTER 2019

Rio de Janeiro, November 6, 2019 – IRB Brasil RE S.A. (B3: IRBR3) – “IRB Brasil”, “IRB” or “Company” releases its results for the third quarter (3Q19) and nine months of 2019 (9M19). Comments herein refer to consolidated results, in Brazilian *reais*, pursuant to the Brazilian corporate law and the standards adopted in Brazil, in compliance with the International Financial Reporting Standards (IFRS), and comparisons are based on the same period of 2018, as indicated.

Message from Management

In the third quarter of 2019, the Company continued to focus on capturing opportunities in the reinsurance market, prioritizing its competitive edge when offering products and services to clients. The results obtained in the last quarters show the excellence of the strategy focused on underwriting discipline, administrative efficiency and asset management.

We closed 3Q19 with growth of 18% in written premium year-over-year, totaling R\$2.3 billion. In 9M19, written premium rose 22% compared to the same period of 2018, totaling R\$6.4 billion. We maintained our administrative efficiency in 3Q19, with an administrative expense ratio of 3.9%, and of 4.4% in 9M19. Net income for 3Q19 reached R\$392.5 million, an increase of 29% year-over-year, and totaled R\$1.1 billion for 9M19, an increase of 34% year-over-year.

Our performance was recognized with the first place in the Prêmio Broadcast Empresas award, which assessed 190 publicly-held companies that trade shares on B3, the São Paulo stock exchange. In the same award, we were the Highlight of Novo Mercado, as we tripled our market value since we went public on July 31, 2017. As of September 30, IRB Brasil's market capitalization was R\$35.2 billion, compared to R\$8.5 billion on the IPO date, placing us among the world's ten largest reinsurers in market capitalization.

Our shares have performed very well, with a 39% appreciation in the first nine months of 2019, compared to a 19% rise in the Ibovespa. An important decision made by our shareholders was to approve the stock split, effective as of September 26, when each share was split into three, with no change in the capital stock. In September, we had 33,000 shareholders, a significant increase from the 17,000 shareholders we had in December 2018.

Supported by our business and management model, we are working to grow above the market growth. Based on an analysis of business opportunities, we focus on customer needs, with autonomy and flexibility to combine solutions across different business lines. As we have operations in all reinsurance lines, we are able to offer our clients full and customized support, and products that suit the needs of each one of them.

We have been paying particular attention to technological innovation, as this is a requirement in a rapidly changing world. An emblematic action is the operational agreement that we have executed with digital bank C6, which is part of our strategy of becoming a partner for Brazilian and South American fintechs. For ten years, we will be the leading reinsurer of the credit life insurance business generated in C6's distribution channels.

We have also subscribed 8.93% of the shares of B3i, an European insurance contract registration platform, which is one of the leading global initiatives for the development of new technologies for the sector, including the registration of these transactions through a blockchain platform. As a result of this deal, we have become the only company in Latin America alongside the leading global companies in the sector.

With these new technologies, we seek to streamline and improve underwriting, and invest in innovation-focused initiatives such as the Insurtech Innovation Program – a partnership with PUC-Rio and Mongeral Aegon – with the goal of conducting research and innovation in the insurance and reinsurance area.

We are challenged to replicate this business model in all countries where we operate to gain more significant market share and to take the lead in South American countries.

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We are optimistic about the outlook for the coming years. We have already recorded an improvement in operations in the oil and gas sector and large construction works are expected to be resumed, along with privatizations and the approval of a new regulatory framework for bids in Brazil, increasing the guarantee for public works and the momentum of the large risk portfolio.

A new opportunity has just opened up with a new Private Insurance Superintendence (Susep) standard that determines annual policies are no longer mandatory, making room for the offer of products that can last months, days, hours, minutes or even with no determined term. Such flexibility should create innovative businesses that we are ready for.

The management decisions we make at IRB Brasil RE prioritize the generation of sustainable and growing results. This is the commitment we reaffirm with our shareholders and society.

Financial Highlights

- **Written Premium** totaled R\$2,298.1 million in 3Q19, an increase of 17.8% year-over-year; and R\$6,417.0 million in 9M19, up 21.5% over the same period in 2018.
- The **underwriting result** totaled R\$320.6 million in 3Q19, an increase of 23.7% compared to R\$259.2 million in 3Q18; and R\$989.0 million in 9M19, up 21.8% over the same period in 2018.
- In the third quarter, the **administrative expense ratio** reached 3.9% of the earned premium in 3Q19, compared to 4.4% in 3Q18; and it improved by nearly one percentage point to 4.4% of the earned premium in 9M19 year-over-year.
- **Global asset portfolio profitability** reached 131% of CDI in 3Q19 versus 147% of CDI in the third quarter of 2018.
- **Net income** totaled R\$392.5 million in 3Q19, an increase of 28.9% year-over-year; and it rose 33.8% in 9M19 year-over-year, totaling R\$1,131.4 million.
- **ROAE** was 37% in 3Q19, an increase of 3.7 p.p. compared to the 33% reported for 3Q18. ROAE was 37% in 9M19, up 6.1 p.p. year-over-year (31% in 9M18).

Other Highlights

Payment of Interest on Capital (IOC): On November 6, 2019, the Board of IRB-Brasil Resseguros S.A. approved the payment of interest on capital ("IOC"). The amounts to be paid as interest on capital are as follows:

Total IOC (gross):	R\$198,445,833.00
Gross amount per share:	R\$0.21307633814
Payment date:	December 5, 2019

Holders of shares issued by the Company will be entitled to receiving interest on equity based on the shareholding position at the closing of the trading session of B3 on November 18, 2019 (record date); shares will be traded ex-IOC as of November 19, 2019. Payment will be made on December 5, 2019 via credit to the banking account designated by the shareholder in their registration with Banco do Brasil, the depository of our shares – Capital Markets Unit.

Public Meeting with Analysts: IRB Brasil RE extends an invitation for its public meeting with analysts, investors and shareholders, to be held on November 26, 2019, 8:00 a.m., at Trattoria Fasano, located at Rua Iguatemi, Itaim Bibi, São Paulo. In addition to our CEO, CFO and Investor Relations Officer, other executives will also talk about the key trends of our business. Please RSVP with APIMEC SP by phone (11 3107-1571) or e-mail (apimecsp@apimecsp.com.br).

2019 Guidance:

- The written premium which has increased 21.5% in the 9M19, remained in line with the forecast of 20% to 27% for the full year.
- The Amplified Combined Ratio in the 9M19 has reached 70.5%, which is also within our forecasted range of 69% to 73% for the full year.

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- The Administrative Expense Ratio, although it has come a little better than the forecast of 4.6% to 5.2%, is in line with the Company's expectation for 2019.

Indicators	2019 Estimates	9M19	Compared to Guidance
Growth in Written Premium vs. 2018 (%)	20% to 27%	21.5%	↔ In line
2019 Amplified Combined Ratio (%)	69% to 73%	70.5%	↔ In line
Administrative Expense Ratio for FY19 (%)	4.6% to 5.2%	4.4%	↓ Better

Key Financial Indicators

As reported in Note 3.1 – Statements of Income by Segment to the Financial Statements, the Company's Management adopts, in line with practices adopted by global reinsurers, a conciliation of accounts referred to as "Business Vision", for the purposes of calculating its performance indicators, as presented in the analysis of this document.

(R\$ million)	3Q18	3Q19	Var. (19/18)	9M18	9M19	Var. (19/18)
Written Premium	1,951.1	2,298.1	17.8%	5,282.7	6,417.0	21.5%
Local	1,179.2	1,303.6	10.5%	3,241.3	3,645.2	12.5%
Abroad	771.9	994.6	28.9%	2,041.4	2,771.8	35.8%
Retained Premium	1,547.6	1,786.9	15.5%	4,017.0	4,823.1	20.1%
Earned Premium	1,249.7	1,416.6	13.4%	3,369.1	4,051.2	20.2%
Retained Claim	(730.6)	(737.3)	0.9%	(1,864.4)	(2,151.0)	15.4%
OCR	(547.0)	(650.2)	18.9%	(1,637.6)	(2,155.4)	31.6%
IBNR	(183.6)	(87.0)	-52.6%	(226.7)	4.4	-
Underwriting Results	259.2	320.6	23.7%	812.0	989.0	21.8%
Administrative Expenses	(55.5)	(54.8)	-1.3%	(169.5)	(178.1)	5.1%
Financial and Real Estate Investment	200.5	244.3	21.8%	561.0	651.4	16.1%
Net Income	304.5	392.5	28.9%	845.9	1,131.4	33.8%

Ratios	3Q18	3Q19	Var. (p.p)	9M18	9M19	Var. (p.p)
Combined ratio	85.7%	82.9%	-2.8 p.p.	83.8%	81.8%	-2 p.p.
Amplified combined ratio	73.9%	70.7%	-3.2 p.p.	71.8%	70.5%	-1.3 p.p.
Loss Ratio Total	58.5%	52.0%	-6.4 p.p.	55.3%	53.1%	-2.2 p.p.
Loss Ratio Measured by PSL	43.8%	45.9%	2.1 p.p.	48.6%	53.2%	4.6 p.p.
Loss Ratio Measured by IBNR	14.7%	6.1%	-8.5 p.p.	6.7%	-0.1%	-6.8 p.p.
Administrative expense ratio	4.4%	3.9%	-0.6 p.p.	5.0%	4.4%	-0.6 p.p.
%CDI	147%	131%	-16 p.p.	143%	127%	-16 p.p.
ROAE	33.0%	36.7%	3.7 p.p.	30.5%	36.6%	6.1 p.p.

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Performance

Written Premium, Retained Premium, and Earned Premium

(R\$ million)	3Q18	3Q19	Var. (19/18)	9M18	9M19	Var. (19/18)
Written Premium	1,951.1	2,298.1	17.8%	5,282.7	6,417.0	21.5%
<i>In Brazil</i>	<i>1,179.2</i>	<i>1,303.6</i>	<i>10.5%</i>	<i>3,241.3</i>	<i>3,645.2</i>	<i>12.5%</i>
<i>Abroad</i>	<i>771.9</i>	<i>994.6</i>	<i>28.9%</i>	<i>2,041.4</i>	<i>2,771.8</i>	<i>35.8%</i>
Retrocession Expense	(403.5)	(511.2)	26.7%	(1,265.7)	(1,593.9)	25.9%
Retained Premium	1,547.6	1,786.9	15.5%	4,017.0	4,823.1	20.1%
Changes in the Unearned Premium Reserve (UPR)	(297.9)	(370.4)	24.3%	(647.9)	(771.9)	19.1%
Earned Premium	1,249.7	1,416.6	13.4%	3,369.1	4,051.2	20.2%

Written Premium

Written premium increased by 17.8% in 3Q19 year-over-year, totaling R\$2,298.1 million, R\$1,303.6 million of which were written in Brazil (57%), and R\$994.6 million were written abroad (43%).

Written premium in Brazil increased by 10.5% in 3Q19 year-over-year, totaling R\$1,303.6 million.

Written premium abroad totaled R\$994.6 million in the third quarter of 2019, an increase of 28.9% year-over-year. This growth of 28.9% was mainly due to the organic rise in the issue currency, that is, the dollar, as the weighted average variation of the exchange rate in the third quarter was of only 0.45% compared to the same quarter in 2018.

Retrocession Expense

Our retrocession ratio remained nearly stable at 22.2% in the third quarter of 2019, compared to the 20.7% ratio reported in the same period last year.

In October 2019, we renewed our retrocession contracts for the year 2020. During the negotiations, we managed to maintain the same financial conditions as in 2019, and to achieve improvements in the total costs of retrocession for 2020, with an expected material reduction year-over-year.

As long as the premiums effectively written during the year of 2019 gain a greater proportion as a percentage of the Company's total written premium, when compared to the premiums written in previous Underwriting years, the Company's retrocession costs will show a greater reduction, since the retrocession contracts applicable to the year of 2019 have, proportionally, lower retrocession costs when compared to the previous years.

As a result, the Company has historically shown a significant reduction in its retrocession ratio. In 2017, the retrocession ratio went from 30% to 27% in 2018 and we believe that this reduction trajectory will be maintained in 2019 and 2020, given that the Company has already renegotiated its retrocession agreements.

This reduction in cost, and the maintenance of coverage of reinsured amounts, was possible due to our good loss ratio history over the last 4 years, by the upgrade in our rating by A.M. Best, from A- to A, on a global scale, as well as improved governance after we became a Corporation.

Retained Premium

Retained premium totaled R\$1,786.9 million in 3Q19, up 15.5% year-over-year, driven by the rise in written premium.

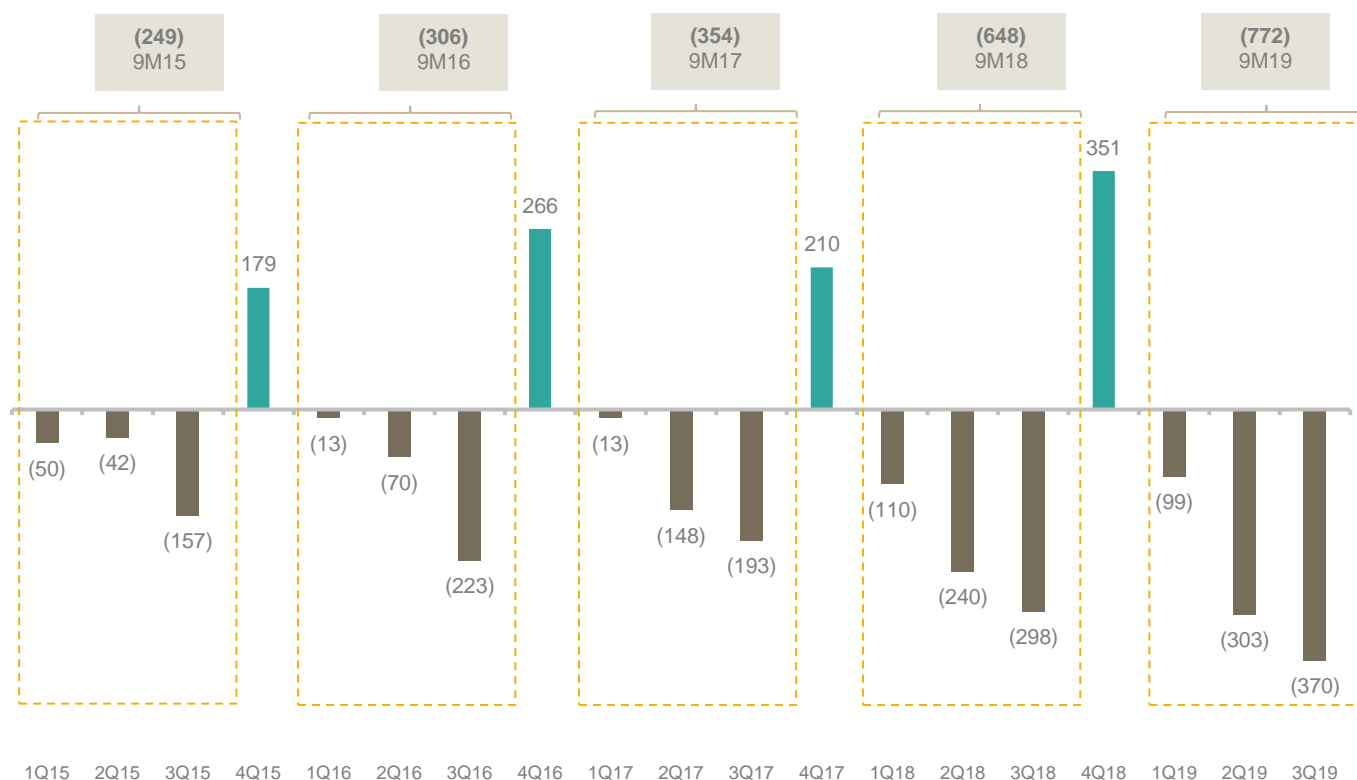
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Changes in the Technical Provision

The technical provision is used to retain values that are the result of an increase in our retained premium, in order to prevent all their value from being taken prematurely to earned premium and consequently to our underwriting result. Over the policies' coverage term, depending on the performance of the business and the term for the risks to expire, this provision may be taken to earned premium and, consequently, to the underwriting result.

The graph below shows the historical seasonality of the formation and reversal of technical provisions relative to written premium. In 2015, 2016, 2017, and 2018 the provisions were constituted in the first three quarters of the year, followed by a reversal in the fourth quarter.



Earned Premium

Earned premium totaled R\$1,416.6 million in 3Q19, up 13.4% year-over-year, driven by a higher written premium.

Retained Claims

(R\$ million)	3Q18	3Q19	Var. (19/18)	9M18	9M19	Var. (19/18)
Retained Claim	(730.6)	(737.3)	0.9%	(1,864.4)	(2,151.0)	15.4%
OCR	(547.0)	(650.2)	18.9%	(1,637.6)	(2,155.4)	31.6%
IBNR/Other	(183.6)	(87.0)	-52.6%	(226.7)	4.4	-
Overall Loss Ratio	58.5%	52.0%	-6 p.p.	55.3%	53.1%	-2 p.p.
Loss Ratio measured by OCR	43.8%	45.9%	2 p.p.	48.6%	53.2%	4 p.p.
Loss Ratio measured by IBNR	14.7%	6.1%	-9 p.p.	6.7%	-0.1%	-7 p.p.

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Our loss ratio performance went from 58.5% in the third quarter of 2018 to 52.0% in the same period in 2019, however our loss ratio measured by the OCR (Outstanding Claims Reserve) went from 43.8% in the third quarter of 2018 to 45.9% in the third quarter of 2019, mainly driven by claim reports in the agribusiness segment both in Brazil and abroad. In nominal terms, OCR went up from a net addition of R\$547.0 million in 2018 to a net addition of R\$650.2 million in the third quarter of 2019.

The loss ratio measured by IBNR (Incurred But Not Reported Losses) corresponded to 6% of the earned premium in the third quarter of 2019. In nominal terms, IBNR went from a net addition of R\$183.6 million in the third quarter of 2018 to a net addition of R\$87 million in the third quarter of 2019.

The net addition to IBNR was lower in the third quarter of 2019 year-over-year because in the third quarter of 2018 there was a higher addition due to prior research conducted by the Company that indicated an increased loss ratio deriving from climate events.

Underwriting Result

The underwriting result rose 23.7% to R\$320.6 million in 3Q19, compared to R\$259.2 million in 3Q18, driven by the growth of 17.8% in written premium, which was higher than the rise in retained claims in the same period.

Financial Investments

Consolidated financial results, including the parent company, subsidiaries, and branches totaled R\$239.4 million in 3Q19, versus R\$178.2 million reported for 3Q18.

The consolidated performance of the management of financial assets of the parent company, subsidiaries and branches was 131% of CDI (Brazilian interest rate) in 3Q19.

In the third quarter of 2019, the exclusive investment fund IRB Brasil RE Multimercado had total assets of nearly R\$1.0 billion. In the period, the fund's profitability was 348% of CDI. This fund concentrated the Company's investments in foreign exchange, equities and indexed sovereign bonds (pre-fixed, and pegged to inflation+coupon). The Company's other financial resources were mainly invested in assets with profitability close to the Selic.

Our investment portfolio was reduced as at September 30, 2019 compared to December 31, 2018, mainly due to (i) the payment of dividends in April 2019, and (ii) the material volume of payment of claims, with immediate cash effect but whose recovery from reinsurers does not occur simultaneously, following specific bases of retrocession contracts. Furthermore, it is important to mention that with the Selic rate at its lowest historical level, we have prioritized the negotiation of contractual conditions that provide for discounts on the payment of claims by accelerating such payments, benefiting the claims interest line.

It should be noted that, during the third quarter of 2019, we completed the transfer of the management of exclusive funds previously managed by IRB Brasil RE to IRB Asset Management.

General and Administrative Expenses

The administrative expense as a ratio of earned premium fell by 0.6 of a percentage point, down from 4.4% in the third quarter of 2018 to 3.9% in the third quarter of 2019.

Our Management's commitment to striving for increasing efficiency and improving profitability continues to be the basis for our operations.

Net Income

Net income increased by 28.9%, from R\$304.5 million in 3Q18 to R\$392.5 million in 3Q19, driven by the growth in written premium, earned premium, better efficiency with lower administrative expense, and good financial investments result.

Return on average equity (ROAE) rose by 3.7 percentage points, from 33% in 3Q18 to 36.7% in 3Q19.

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Stock Performance

From July 31, 2017 (date of our IPO) to September 30, 2019, our stock (B3: IRBR3) reached an average daily traded volume of R\$94.0 million and 4.0 million trades. By the end of the third quarter of 2019, our market capitalization was R\$35.2 billion, an increase of 320% since our IPO. On the date of our IPO, our market capitalization was R\$8.5 billion.

In 3Q19, our stock (B3: IRBR3) reached an average daily traded volume of R\$264.4 million and 8.1 million trades.

On September 19, 2019, the Company's Extraordinary General Meeting approved the resolution on the split of shares issued by IRB Brasil RE, without any change in its capital stock. Accordingly, each share issued by the Company has been split into three (3) shares. As a result, the number of common shares in which the Company's capital is divided was changed from 312,000,000 to 936,000,000 shares. The shares issued by IRB Brasil RE started being traded "ex-split" on September 26, 2019, considering the shareholding position with record date of September 25, 2019.

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Balance Sheet
 In thousands of Reais

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Assets	Note	Parent Company		Consolidated	
		September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Current assets		9,986,755	10,464,310	10,257,435	10,535,080
Cash		47,257	27,001	57,770	43,131
Cash and cash equivalents	5	47,257	27,001	57,770	43,131
Investments	6	620,225	2,551,911	653,404	2,595,474
Credits from reinsurance and retrocession transactions	7.1	5,191,120	4,651,983	5,191,120	4,652,082
Transactions with insurers	7.2	3,736,334	3,327,272	3,736,334	3,327,272
Transactions with reinsurers	7.2	1,339,714	1,304,416	1,339,714	1,304,416
Other operating credits		153,142	56,569	153,142	56,668
(-) Provision for credit risks	7.3	(38,070)	(36,274)	(38,070)	(36,274)
Retrocession assets – technical provisions		3,818,924	3,055,590	3,818,924	3,055,607
Premiums - retrocession	9.2	997,905	929,100	997,905	929,100
Claims - retrocession	9.1	2,811,332	2,116,944	2,811,332	2,116,961
Other provisions	9.3	9,687	9,546	9,687	9,546
Bills and credits receivable		202,048	100,742	428,903	111,703
Bills and credits receivable	10	36,107	30,686	261,355	40,116
Tax and social security credits	11.1	165,941	70,056	167,548	71,587
Prepaid expenses		15,128	11,886	15,261	11,886
Deferred acquisition costs	12	92,053	65,197	92,053	65,197
Non-current assets		6,622,386	5,449,734	6,457,124	5,405,354
Long-term receivables		5,650,284	4,696,466	5,561,157	4,715,167
Investments	6	4,217,459	3,327,044	4,249,492	3,366,388
Retrocession assets - technical provisions		44,917	28,845	44,917	28,845
Premiums - retrocession	9.2	44,917	28,845	44,917	28,845
Bills and credits receivable		1,378,762	1,335,480	1,257,602	1,314,837
Bills and credits receivable	10	288,552	224,038	301,323	237,006
Tax and social security credits		427,573	458,469	293,642	424,858
Tax credits	11.1	42,455	38,715	35,829	38,643
Deferred tax asset	11.1	385,118	419,754	257,813	386,215
Court and tax deposits	22	662,637	652,973	662,637	652,973
Deferred acquisition costs	12	9,146	5,097	9,146	5,097
Investments		847,896	636,545	771,372	573,055
Equity interest	4.1	842,491	630,976	15,899	-
Investment property	13	5,279	5,515	755,347	573,001
Other investments		126	54	126	54
Property and equipment	14	84,360	74,270	84,442	74,353
Intangible assets	15	39,846	42,453	40,153	42,779
Total assets		16,609,141	15,914,044	16,714,559	15,940,434

The accompanying notes are an integral part of the quarterly information.

IRB-Brasil Resseguros S.A.

Balance Sheet In thousands of Reais

(A free translation of the original in Portuguese)

Liabilities and shareholders' equity	Note	Parent Company		Consolidated	
		September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Current liabilities		11,099,565	10,833,205	11,117,720	10,859,175
Accounts payable		320,140	366,208	338,295	391,450
Obligations payable	16	209,414	220,870	218,079	235,195
Taxes and social charges payable		52,871	32,002	52,971	32,170
Labor provisions	23	14,663	8,984	15,120	9,092
Provisions for post-employment benefits	26.4	40,190	38,963	40,190	38,963
Taxes and contributions payable	17	3,002	65,389	11,935	70,015
Provision for investment devaluation	1.3	-	-	-	6,015
Debits from reinsurance and retrocession transactions	18.1	1,814,001	1,392,759	1,814,001	1,393,070
Transactions with insurers	18.2	1,179	251	1,179	251
Transactions with reinsurers	18.2	1,657,709	1,251,262	1,657,709	1,251,262
Reinsurance and retrocession brokers	18.2	137,163	105,788	137,163	106,099
Other operating debits	18.2	17,950	35,458	17,950	35,458
Third-party deposits	8	176,779	427,425	176,779	427,425
Technical provisions - reinsurance and retrocession		8,788,645	8,646,813	8,788,645	8,647,230
Property and casualty and group life insurance		8,788,645	8,646,813	8,788,645	8,647,230
Provision for unearned premiums	19.1	2,895,484	2,147,178	2,895,484	2,147,178
Risks in force issued		2,642,637	1,904,036	2,642,637	1,904,036
Risks in force but not issued		252,847	243,142	252,847	243,142
Unsettled claims	19.2	3,660,348	4,222,132	3,660,348	4,222,549
Provision for claims incurred but not reported	19.2	1,985,107	1,999,068	1,985,107	1,999,068
Other provisions	19.3	247,706	278,435	247,706	278,435
Non-current liabilities		1,247,356	1,080,059	1,334,619	1,080,479
Long-term liabilities		1,247,356	1,080,059	1,334,619	1,080,479
Accounts payable		924,504	861,960	1,010,918	862,380
Tax liabilities	22	447,728	435,264	447,806	435,264
Provision for post-employment benefits	26.4	435,276	412,920	435,276	412,920
Payable liabilities	16	41,500	13,776	127,836	14,196
Debits from reinsurance and retrocession transactions		789	789	789	789
Other operating debits	18.2	789	789	789	789
Technical provisions - reinsurance and retrocession		258,960	158,665	258,960	158,665
Property and casualty and group life insurance		258,960	158,665	258,960	158,665
Provision for unearned premiums	19.1	258,960	158,665	258,960	158,665
Risks in force issued		243,592	144,371	243,592	144,371
Risks in force but not issued		15,368	14,294	15,368	14,294
Other Debits	22	63,103	58,645	63,952	58,645
Civil and labor contingencies		63,103	58,645	63,952	58,645
Total liabilities		12,346,921	11,913,264	12,452,339	11,939,654
Shareholders' equity		4,262,220	4,000,780	4,262,220	4,000,780
Capital stock		1,953,080	1,953,080	1,953,080	1,953,080
Profit reserves		1,382,126	1,595,109	1,382,126	1,595,109
Equity valuation adjustments	24.4	(191,931)	(113,381)	(191,931)	(113,381)
Proposal for distribution of additional dividends		-	578,928	-	578,928
Treasury shares	24.2	(12,956)	(12,956)	(12,956)	(12,956)
Equity instruments granted	21.1.1	502	-	502	-
Retained earnings		1,131,399	-	1,131,399	-
Total liabilities and shareholder's equity		16,609,141	15,914,044	16,714,559	15,940,434

The accompanying notes are an integral part of the quarterly information.

IRB-Brasil Resseguros S.A.

Statements of income Periods ended on September 30 In thousands of reais, unless otherwise indicated

(A free translation of the original in Portuguese)

	Note	Quarter				Accumulated			
		Parent Company		Consolidated		Parent Company		Consolidated	
		July 1 to September 30, 2019	July 1 to September 30, 2018	July 1 to September 30, 2019	July 1 to September 30, 2018	January 1 to September 30, 2019	January 1 to September 30, 2018	January 1 to September 30, 2019	January 1 to September 30, 2018
Net premiums written		1,931,904	1,654,582	1,931,904	1,654,582	5,487,087	4,582,474	5,487,087	4,582,474
Changes in technical provisions		(242,035)	(150,952)	(242,035)	(150,952)	(701,707)	(497,449)	(701,707)	(497,449)
Premiums earned	25.1	1,689,869	1,503,630	1,689,869	1,503,630	4,785,380	4,085,025	4,785,380	4,085,025
Claims incurred	25.2	(1,470,004)	(880,672)	(1,470,004)	(880,672)	(3,445,734)	(1,936,931)	(3,445,734)	(1,936,931)
Direct claims		(1,225,463)	(753,367)	(1,225,463)	(753,367)	(3,888,909)	(2,131,912)	(3,888,909)	(2,131,912)
Salvages and reimbursements		(20,503)	21,400	(20,503)	21,400	373,500	217,592	373,500	217,592
Change in provision for claims incurred but not reported		(224,038)	(148,705)	(224,038)	(148,705)	69,675	(22,611)	69,675	(22,611)
Acquisition costs	25.3	(42,002)	(40,600)	(42,002)	(40,600)	(118,493)	(106,796)	(118,493)	(106,796)
Commissions		(42,002)	(40,600)	(42,002)	(40,600)	(118,493)	(106,796)	(118,493)	(106,796)
Other operating income and expenses	25.5	80,289	(13,284)	80,289	(13,284)	(62,728)	(28,518)	(118,493)	(28,518)
Income (loss) from retrocession	25.4	(26,202)	(297,248)	(26,202)	(297,248)	(364,950)	(1,078,169)	(364,950)	(1,078,169)
Income from retrocession		534,895	162,142	534,895	162,142	1,342,714	193,447	1,342,714	193,447
Expenses with retrocessions		(560,839)	(461,602)	(560,839)	(461,602)	(1,477,515)	(1,266,114)	(1,477,515)	(1,266,114)
Salvages and reimbursements to retrocessionaire		(605)	(7,390)	(605)	(7,390)	(319,974)	(18,882)	(319,974)	(18,882)
Other operating income and expenses		347	9,602	347	9,602	89,825	13,380	89,825	13,380
Administrative expenses	25.6	(57,897)	(50,552)	(39,618)	(58,066)	(193,998)	(168,146)	(200,138)	(184,514)
Tax expenses	25.7	(16,944)	(28,754)	(24,801)	(29,492)	(62,080)	(98,609)		(101,017)
Financial income	25.8	(5,140)	146,883	305,865	156,228	310,497	264,153	780,017	359,377
Financial revenues		309,270	399,550	655,838	408,858	1,411,848	1,261,690	1,918,432	1,356,094
Financial income from investment portfolio		299,826	322,700	613,537	332,658	1,257,666	1,138,164	1,743,364	1,225,631
Other financial revenues		9,444	76,850	42,301	76,200	154,182	123,526	175,068	130,463
Financial expenses		(314,410)	(252,667)	(349,973)	(252,630)	(1,101,351)	(997,537)	(1,138,415)	(996,717)
Financial expenses from investment portfolio		(280,224)	(158,687)	(314,649)	(159,808)	(953,666)	(738,165)	(990,730)	(738,165)
Other financial expenses		(34,186)	(93,980)	(35,324)	(92,822)	(147,685)	(259,372)	(147,685)	(258,552)
Equity result (subsidiaries and exclusive investment funds managed by subsidiaries)	25.9	226,825	24,001	4,624	27,642	376,200	113,935	43,741	73,570
Revenues (expenses) from investment property, net		(78)	9,902	4,925	22,270	(237)	29,702	31,019	67,100
Adjustment of investments in subsidiaries		226,980	8,727	-	-	363,491	77,763	-	-
Other equity revenues (expenses), net		(77)	5,372	(301)	5,372	12,946	6,470	12,722	6,470
Operating income		378,794	363,404	478,020	368,138	1,224,094	1,045,944	1,361,330	1,082,027
Gains or losses on non-current assets		(2)	-	(2)	-	25	-		-
Income before taxes and profit sharing		378,792	363,404	478,018	368,138	1,224,119	1,045,944	1,361,330	1,082,027
Income tax	25.10	8,585	(3,767)	(63,904)	(7,312)	(49,005)	(49,202)	(133,074)	(75,787)
Social contribution tax	25.10	5,171	(55,112)	(21,566)	(56,301)	(43,715)	(150,879)	(75,145)	(160,377)
Net income for the period		392,548	304,525	392,548	304,525	1,131,399	845,863	1,153,111	845,863
Number of shares		931,246,200	931,246,200	931,246,200	931,246,200	931,246,200	931,246,200	931,246,200	931,246,200
Basic and diluted earnings per share	24.5	0.42	0.98	0.42	0.98	1.21	2.72	1.24	2.72

The accompanying notes are an integral part of the quarterly information.

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

(A free translation of the original in Portuguese)

	Note	Quarter		Accumulated	
		Parent Company and Consolidated		Parent Company and Consolidated	
		July 1 to September 30, 2019	July 1 to September 30, 2018	January 1 to September 30, 2019	January 1 to September 30, 2018
Net income for the period		392,548	304,525	1,131,399	845,863
Other comprehensive income					
Items to be subsequently recorded as income					
Exchange rate difference on the translation of transactions abroad	24.4	(50,667)	760	(78,995)	3,872
Financial assets available for sale	24.4				
Gains (losses) from the fair value valuation of financial assets available for sale in the period		5,618	(4,974)	9,634	(64,222)
Unrealized gains (losses) on securities - Subsidiaries	24.4	151	(11,387)	6,551	(23,483)
Income and social contribution taxes	24.4	(2,248)	2,238	(3,854)	28,900
		(47,146)	(13,363)	(66,664)	(54,933)
Items that will not be reclassified in profit (loss)					
Post-employment benefits					
Remeasurement of post-employment benefit liabilities		(2,489)	17,017	(27,266)	30,394
Remeasurement of post-employment benefit liabilities - Subsidiaries		1	(38)	4,474	(143)
Income and social contribution taxes	24.4	995	(6,840)	10,906	(12,218)
		(1,493)	10,139	(11,886)	18,033
Total other comprehensive income		(48,639)	(3,224)	(78,550)	(36,900)
Total comprehensive income for the period		343,909	301,301	1,052,849	808,963

The accompanying notes are an integral part of the quarterly information.

IRB-Brasil Resseguros S.A.

Statements of changes in equity In Thousands of Reais

(A free translation of the original in Portuguese)

	Note	Share capital	Capital reserves, granted shares and treasury shares	Profit reserves		Equity valuation adjustments	Retained earnings	Proposed distribution of additional dividends	Shareholders' equity of the parent company
				Legal	Retained earnings				
Balances on January 1, 2018		1,953,080	(12,956)	46,252	1,231,569	(76,161)	-	439,399	3,581,183
Adjustment to market value of securities	24.4	-	-	-	-	(58,805)	-	-	(58,805)
Cumulative translation adjustments	24.4	-	-	-	-	3,872	-	-	3,872
Actuarial gain in post-employment benefits	24.4	-	-	-	-	18,033	-	-	18,033
Net income for the period		-	-	-	-	-	845,863	-	845,863
Total comprehensive income for the period		-	-	-	-	(36,900)	845,863	-	808,963
Total contributions from shareholders and distributions to shareholders									
Additional dividend paid for 2018		-	-	-	(8,098)	-	-	(439,399)	(447,497)
Distribution of interest on shareholders' equity	24.3	-	-	-	(180,483)	-	-	-	(180,483)
Total contributions from shareholders and distributions to shareholders		-	-	-	(188,581)	-	-	(439,399)	(627,980)
Balance on September 30, 2018		1,953,080	(12,956)	46,252	1,042,988	(113,061)	845,863	-	3,762,166
Balances on January 1, 2019		1,953,080	(12,956)	107,192	1,487,917	(113,381)	-	578,928	4,000,780
Adjustment to market value of securities	24.4	-	-	-	-	12,331	-	-	12,331
Cumulative translation adjustments	24.4	-	-	-	-	(78,995)	-	-	(78,995)
Actuarial losses from post-employment benefits	24.4	-	-	-	-	(11,886)	-	-	(11,886)
Net income for the period		-	-	-	-	-	1,131,399	-	1,131,399
Total comprehensive income for the period		-	-	-	-	(78,550)	1,131,399	-	1,052,849
Total contributions from shareholders and distributions to shareholders									
Additional dividend paid for 2018		-	-	-	(14,537)	-	-	(578,928)	(593,465)
Distribution of interest on equity	24.3	-	-	-	(198,446)	-	-	-	(198,446)
Equity instruments granted	21.1.1	-	502	-	-	-	-	-	502
Total contributions from shareholders and distributions to shareholders		-	502	-	(212,983)	-	-	(578,928)	(791,409)
Balance on September 30, 2019		1,953,080	(12,454)	107,192	1,274,934	(191,931)	1,131,399	-	4,262,220

The accompanying notes are an integral part of the quarterly information.

IRB-Brasil Resseguros S.A.

Statements of cash flows - (Direct method)

Periods ended on September 30

In Thousands of Reais

(A free translation of the original in Portuguese)

	Parent Company		Consolidated	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Operating activities				
Receipt of insurance premiums, social security contributions, management fees and others	5,362,843	4,157,460	5,362,843	4,157,460
Recovery of claims and commissions	849,438	585,308	849,438	588,455
Other operating (payments) receipts - saved, reimbursed and others	(22,777)	(2,524)	(22,777)	(883)
Payments of claims, benefits, redemptions and commissions	(4,961,190)	(2,874,843)	(4,961,190)	(2,876,543)
Transfer of premiums due to assignment of risks	(1,387,263)	(1,233,988)	(1,387,263)	(1,233,988)
Payments of expenses and obligations	(257,013)	(213,632)	(134,404)	(222,400)
Receipt of rents and other operational receipts	-	-	54,666	32,139
Receipt of services	-	-	18,073	-
Payment of interest and dividends	4,672	2,955	4,672	3,330
Creation (redemption) of court deposits	2,006	15,609	2,006	15,609
Cash generated (consumed) in operations	(409,284)	436,345	(213,936)	463,179
Taxes and contributions paid	(317,308)	(299,485)	(340,288)	(308,854)
Financial investments				
Investments at fair value through profit or loss	(5,755,525)	(8,010,642)	(6,005,709)	(8,262,567)
Sales and redemptions of investments at fair value through income	7,612,732	6,883,012	7,827,855	7,205,419
Net financial investments	1,857,207	(1,127,630)	1,822,146	(1,057,148)
Cash generated by (used in) operating activities	1,130,615	(990,770)	1,267,922	(902,823)
Investment activities				
Investments available for sale	(3,222,087)	(2,205,670)	(3,222,087)	(2,210,273)
Sale and redemption of investments available for sale	2,671,565	3,295,848	2,671,565	3,300,770
Receipt of investments held to maturity	-	288,440	-	288,440
Dividends - Shareholdings	153,022	71,936	-	-
Payment for the purchase of:				
Investments	(19,678)	-	(15,879)	(14,200)
Property and equipment	(3,305)	(4,041)	(3,305)	(4,041)
Intangible assets	(17,008)	(14,259)	(17,008)	(14,259)
Leases	(1,729)	-	(1,729)	-
Receipt for the sale of:				
Investments	80	-	6,379	-
Property and equipment	78	-	78	-
Net cash generated (consumed) in investing activities	(439,062)	1,432,254	(581,986)	1,346,437
Financing activities				
Distribution of dividends and interest on shareholders' equity	(727,081)	(503,531)	(727,081)	(503,531)
Net cash used in financing activities	(727,081)	(503,531)	(727,081)	(503,531)
Decrease in cash and cash equivalents	(35,528)	(62,047)	(41,145)	(59,917)
Exchange rate change on cash and cash equivalents	55,784	62,255	55,784	63,016
Increase (decrease) in cash and cash equivalents after exchange rate change	20,256	208	14,639	3,099
Cash and cash equivalents at the beginning for the period	27,001	16,222	43,131	25,771
Cash and cash equivalents at the end for the period	47,257	16,430	57,770	28,870

The accompanying notes are an integral part of the quarterly information.

IRB-Brasil Resseguros S.A.

Statements of cash flows - (Direct method)

Periods ended on September 30

In Thousands of Reais

(continuation)

(A free translation of the original in Portuguese)

	Parent Company		Consolidated	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Reconciliation between net income for the period and net cash used in operating activities				
Net income for the period	1,131,399	845,863	1,131,399	845,863
Adjustments to net income				
Depreciation and amortization	31,072	35,917	39,119	38,157
Creation (reversal) of allowance for doubtful accounts	1,797	(3,979)	1,797	(3,979)
Reversal of impairment loss	(12,804)	(6,470)	(17,084)	(6,470)
Equity income/(loss)	(363,491)	(77,763)	-	-
Exchange rate changes on cash and cash equivalents	(55,784)	(62,255)	(55,784)	(62,255)
Other adjustments	127	182	(2,190)	(45)
Changes in equity accounts				
Financial investments	1,591,792	(1,440,878)	1,548,891	(1,351,096)
Credit from insurance and reinsurance transactions	(539,137)	(1,416,272)	(539,137)	(1,416,272)
Retrocession assets	(779,406)	51,409	(779,406)	54,689
Securities, credits and real state for rental	(175,408)	(124,887)	(540,130)	(193,218)
Tax and social security credits	(68,842)	57,473	(69,059)	58,447
Prepaid expenses	(3,242)	(14,311)	(3,375)	(14,311)
Deferred acquisition costs	(30,905)	(22,001)	(30,905)	(22,001)
Other assets	(786)	(73,696)	(768)	(87,775)
Court and tax deposits	(9,664)	(17,248)	(12,528)	(17,248)
Suppliers	907	(414)	907	(414)
Others accounts payable	22,532	109,522	22,532	127,456
Taxes and contributions	(41,519)	(5,867)	62,292	3,183
Debits from insurance and reinsurance transactions	421,242	95,171	421,242	91,891
Third-party deposits	(250,646)	94,809	(250,646)	94,809
Technical provisions - insurance and reinsurance	242,127	1,015,502	242,127	1,017,570
Other liabilities	6,790	(37,211)	84,908	(66,438)
Court provisions	12,464	6,634	13,720	6,634
Net cash generated (consumed) in operations	1,130,615	(990,770)	1,267,922	(902,823)

The accompanying notes are an integral part of the quarterly information.

IRB-Brasil Resseguros S.A.

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

(A free translation of the original in Portuguese)

	Parent Company		Consolidated	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Revenues				
Revenues from insurance transactions	5,487,087	4,582,474	5,487,087	4,582,474
Others	(177,196)	(101,675)	(177,196)	(60,358)
Reversal (creation) of allowance for doubtful accounts	(1,797)	3,979	(1,797)	3,979
Changes in technical provisions	(701,707)	(497,449)	(701,707)	(497,449)
Net operating income	4,606,387	3,987,329	4,606,387	4,028,646
Expenses				
Claims	(3,888,909)	(2,131,912)	(3,888,909)	(2,131,912)
Changes in the provision of claims incurred but not reported	69,675	(22,611)	69,675	(22,611)
Others	373,500	217,592	373,500	217,592
	(3,445,734)	(1,936,931)	(3,445,734)	(1,936,931)
Inputs acquired from third parties				
Materials, energy and others	(30,895)	(27,980)	(31,053)	(29,615)
Third-party services and commissions, net	(26,598)	(16,219)	(27,474)	(32,846)
	(57,493)	(44,199)	(58,527)	(62,461)
Gross value added	1,103,160	2,006,199	1,102,126	2,029,254
Depreciation, amortization and depletion	(31,072)	(35,917)	(39,119)	(38,157)
Net value added produced by the company	1,072,088	1,970,282	1,063,007	1,991,097
Value added received in transfer				
Financial income	310,497	264,153	780,017	359,377
Result with retrocession	(364,950)	(1,078,169)	(364,950)	(1,078,169)
Equity income (loss)	363,491	77,763	-	-
Others	10,616	(1,210)	49,677	(1,210)
	319,654	(737,463)	464,744	(720,002)
Total value added to be distributed	1,391,742	1,232,819	1,527,751	1,271,095
Distribution of value added				
Life	105,544	88,265	110,631	88,931
Taxes, fees and contributions	154,799	298,691	285,721	336,301
Interest on shareholders' equity	198,446	180,483	198,446	180,483
Retained income for the period	932,953	665,380	932,953	665,380
Added value allocated	1,391,742	1,232,819	1,527,751	1,271,095

The accompanying notes are an integral part of the quarterly information.

Section A – General information

1.1 Operations

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

The parent company and consolidated quarterly information for September 30, 2019 was approved by the Company's Board of Directors on November 5, 2019.

1.2 Basis of preparation

The parent company and consolidated quarterly information have been prepared and are hereby presented in compliance with Technical Pronouncement CPC 21 (R1) – "Interim Statements" and with international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB). This information complies with the standards issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of quarterly information, and includes all material information required in the quarterly information, and this information alone, which is consistent with the information used by Management in operating the Company.

The main accounting practices applied to prepare this quarterly information are shown in Note 27.

The quarterly information has been prepared using the historical cost as a value basis, adjusted, in the case of financial assets available for sale and other financial assets and liabilities, to reflect measurement at fair value.

The preparation of parent company and consolidated quarterly information requires the use of certain critical accounting estimates and the exercise of judgment by the Company's Management in the process of applying the Company's accounting policies. Those areas requiring a greater degree of judgment and that are more complex, and those in which assumptions and estimates are significant to the quarterly information, are shown in Note 28.

IRB Brasil RE has a branch in London, whose operations are being resumed to expand the business with the Company's customer base in Europe and Asia.

The Company also has a branch in Argentina that started operating on September 1, 2011. The book balances of these branches are registered and presented in the parent company and consolidated interim financial information.

1.3 Consolidation

The Company consolidates all of the entities that it controls, i.e. where it is exposed to or has rights to variable returns as a result of its involvement with the subsidiary and is able to control its main activities.

The subsidiaries included in the consolidation are listed in Note 4.2 and the accounting policies applied to prepare the consolidated quarterly information are described below:

Subsidiaries include all entities over which the Company has the power to establish financial and operating policies, generally followed by a share of more than half of the voting rights (voting capital). The existence and effect of any rights which can currently be exercised or converted are considered when assessing whether the Company controls an entity. The subsidiaries are fully consolidated from the date on which the control is transferred to the Company. The consolidation is suspended from the date on which the Company ceases to have control.

At September 30, 2019, the Company had a subsidiary that holds the real estate investments of the Reinsurer and an asset management company.

It should be noted that IRB Investimentos e Participações Imobiliários S.A. is a company incorporated for the purpose of buying, selling and developing real estate assets.

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In thousands of Reais, except when stated otherwise

The Company allocated capital to IRB Asset Management (the Company's wholly owned subsidiary) in 2017. On July 16, 2018, the Brazilian Securities and Exchange Commission (CVM) authorized the Company's subsidiary to provide Securities Portfolio Administration services. After performing the procedures specified by Anbima, and preparing to go into operation, IRB Asset Management started to manage all exclusive investment funds formerly managed by the parent company.

In December 2018, the Company had a subsidiary in the United States of America (IRB International Corporation), which was terminated in March 2019, due to the full implementation of the share sales agreement signed in April 2018, from its subsidiary United Americas Insurance Company (UAIC).

Information on the subsidiaries is given in the table below:

September 30, 2019				
	IRB Investimentos e Participações Imobiliárias S.A.	IRB Asset Management	Total	
Percentage of interest in the share capital	100.0%	100.0%		
Number of common shares held	168,465,949	100,000		
Assets	1,039,298	19,666		
Current and non-current liabilities	230,867	1,504		
Shareholders' equity at the end of the period	808,431	18,162	826,593	

December 31, 2018					
	IRB International Corporation & Subsidiaries	IRB Investimentos e Participações Imobiliárias S.A.	IRB Asset Management	Impairment	Total
Percentage of interest in the share capital	100.0%	100.0%	100.0%		
Number of common shares held	5,000,000	168,465,949	100,000		
Assets	61,593	655,402	4,223		
Current and non-current liabilities	35,042	48,937	248		
Shareholders' equity at the end of the period	26,551	606,465	3,975	(6,015)	630,976

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

- BB IRB Brasil RE Liquidez Fundo de Investimento Renda Fixa
- Itaú FI IRB Brasil RE Renda Fixa
- Fundo de Investimento RF IRB Brasil RE Absoluto (management by IRB Asset Management)
- IRB Fundo de Investimento Multimercado (management by IRB Asset Management)
- IRB Fundo de Investimento Renda Fixa Crédito Privado (management by IRB Asset Management)
- IRB Fundo de Investimento em Ações (management by IRB Asset Management)
- IRB Caixa Fundo de Investimento Renda Fixa (management by IRB Asset Management)
- BB Ações 22 Fundo de Investimento
- Bradesco Fundo de Investimento em Ações Safe IBRX-50
- Bradesco FI Renda Fixa IRB Brasil RE Crédito Privado LP
- BB IRB Brasil RE FI Renda Fixa LP Crédito Privado
- Caixa FI IRB Brasil RE RF Crédito Privado LP

The Company's consolidated quarterly information include the subsidiary IRB Investimentos e Participações Imobiliárias S.A., IRB Asset Management and the exclusive investment funds above.

Section B – Risks

2 Risk management

Risk management is considered by IRB Brasil RE as key for the implementation of its strategy to optimize the use of capital and to select the best business opportunities, for the purpose of obtaining the best risk/return ratio for its shareholders. The goal of risk management is to protect the Company's solvency and long-term results by identifying, measuring and handling the risks to which the Company is exposed in the course of its activities. The risk management is also designed to meet the regulator's requirements and to ensure that the internal control system is adequate, effective and is working efficiently.

Considering the importance given to this matter, the Company appointed an Executive Vice President for Risks and Compliance (heading the Corporate Risk Management and Compliance Management areas), with primary responsibility for supervising the risk management activities of IRB Brasil RE. The Statutory Executive Board, the Board of Directors, the Risk Management Committee and other advisory and deliberative bodies are continuously committed to supporting and improving the Company's risk management.

In May 2019, it was confirmed by the US-based AM Best rating agency on a global and foreign currency credit rating scale, rating A, which represents an upgrade from the A- rating assigned in April 2018, reflecting, in the opinion of this agency, the capitalization strongly adequate to the Company's risks and the strong operating performance.

2.1 Lines of defense

IRB Brasil RE understands that all employees and collaborators are responsible for the risk management. Therefore, the Company's Risk Management is structured based on a model with three lines of defense, defining roles and responsibilities for risk management for each of these lines in its Risk Management Policy and internal standards.

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

In addition, the Company uses a Corporate Governance structure that establishes adequate subsidies for decision-making transparency.

2.2 Principal types of risk

The management of corporate risks covers the following categories of risk: Operational, Subscription, Market, Credit and Liquidity, each including several subcategories.

The Company considers that these categories represent its main types of exposure, but that the list is not exhaustive, recognizing that the Company can be affected by various risks.

2.3 Operational risks

Operational risk in IRB Brasil RE represents the possibility that losses may be caused by failures, deficiency or inadequacies of internal processes, people or systems, or by external events.

Operational risks are managed in five steps: (i) identification, (ii) analysis and measurement, (iii) handling, (iv) monitoring and (v) reporting. As part of this process, the Corporate Risk Management works together with the risk owner, providing support for and monitoring the management of operational risks at the Company's business units.

IRB Brasil RE has a Business Continuation Management program that defines procedures in the event of a contingency. The program is organized in five specific contingency plans: Business Continuation Plan, Crisis Management Plan, Disaster Recovery Plan, Operations Continuation Plan and Emergency Assistance Plan.

Pursuant to SUSEP Circular Letters 517/2015 and subsequent amendments, the Company has an Operational Losses Database to record and manage losses arising from this category of risk.

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Notes to the quarterly information - ITR at September 30, 2019

In thousands of Reais, except when stated otherwise

2.4 Subscription risk

Subscription risk is the result of oscillations, caused by either internal or external factors of the Company, of an unexpected nature, affecting the actuarial and financial assumptions used to price reinsurance contracts and to set up technical provisions.

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

Optional retrocession can be used for specific cases, subject to a case-by-case analysis. Due to the nature of risk transfer, retrocession transactions imply an underlying credit risk (Note 2.6).

2.4.1 Monitoring of reinsurance liabilities by business line

The Company calculates technical provisions in accordance with the standards and guidelines required by the regulator. The following tables show the balances of assets and liabilities, gross of retrocession (PSL, IBNR, IBNER, PET, PPNG, PDR) and separated by line of business.

	Parent Company			
	Liabilities (Reinsurance)		Assets (Retrocession)	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Aviation	380,086	471,004	(316,669)	(376,253)
Motor	138,597	199,243	(12,218)	(16,885)
Mortgage	56,273	53,778	(293)	(177)
Marine	143,012	176,223	(50,549)	(56,069)
Nuclear	21,650	15,623	(18,569)	(13,837)
Property	2,141,510	2,257,948	(1,571,866)	(1,350,592)
Life	287,531	289,754	(53,289)	(38,922)
Oil & Gas	621,294	317,307	(509,761)	(264,636)
Liabilities	429,021	634,240	(299,104)	(348,926)
Financial risks	403,813	465,929	(81,588)	(109,509)
Agriculture	1,178,666	753,085	(509,698)	(50,500)
Cargo	313,770	482,636	(133,234)	(260,967)
Abroad	2,932,382	2,688,708	(307,003)	(197,162)
Total	9,047,605	8,805,478	(3,863,841)	(3,084,435)

	Consolidated			
	Liabilities (Reinsurance)		Assets (Retrocession)	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Aviation	380,086	471,004	(316,669)	(376,253)
Motor	138,597	199,243	(12,218)	(16,885)
Mortgage	56,273	53,778	(293)	(177)
Marine	143,012	176,223	(50,549)	(56,069)
Nuclear	21,650	15,623	(18,569)	(13,837)
Property	2,141,510	2,257,948	(1,571,866)	(1,350,592)
Life	287,531	289,754	(53,289)	(38,922)
Oil & Gas	621,294	317,307	(509,761)	(264,636)
Liabilities	429,021	634,240	(299,104)	(348,926)
Financial risks	403,813	465,929	(81,588)	(109,509)
Agriculture	1,178,666	753,085	(509,698)	(50,500)
Cargo	313,770	482,636	(133,234)	(260,967)
Abroad	2,932,382	2,689,125	(307,003)	(197,179)
Total	9,047,605	8,805,895	(3,863,841)	(3,084,452)

IRB-Brasil Resseguros S.A.

Notes to the quarterly information - ITR at September 30, 2019

In thousands of Reais, except when stated otherwise

2.4.2 Evolution of premiums and claims

The following tables show the evolution of the Company's premiums and claims, by year of subscription.

Accumulated Earned Premium

• Retrocession – Gross

September 30, 2019							
Underwriting Year	Parent Company and Consolidated						Total
	2014	2015	2016	2017	2018	2019	
Earned premium in the year	409,058	1,249,526	1,208,358	1,421,603	2,212,383	1,413,268	7,914,196
One year later	2,595,256	3,757,868	4,165,265	4,019,367	5,076,744		19,614,500
Two years later	3,096,099	4,154,987	5,345,416	4,640,086			17,236,588
Three years later	3,183,644	4,234,540	5,704,127				13,122,311
Four years later	3,216,520	4,230,762					7,447,282
Five years late	3,238,897						3,238,897
Earned premium in 2019	22,377	(3,778)	358,711	620,719	2,864,362	1,413,268	5,275,659
Earned premium others components							296,606
Total earned premium included in the balance sheet							5,572,265 (*)

December 31, 2018							
Underwriting Year	Parent Company and Consolidated						Total
	2014	2015	2016	2017	2018		
Earned premium in the year	409,058	1,249,526	1,208,358	1,421,603	2,212,271		6,500,816
One year later	2,595,256	3,757,868	4,165,265	4,019,367			14,537,756
Two years later	3,096,099	4,154,987	5,345,416				12,596,502
Three years later	3,183,644	4,234,540					7,418,184
Four years later	3,216,520						3,216,520
Earned premium in 2019	32,876	79,554	1,180,150	2,597,764	2,212,271		6,102,615
Earned premium others components							628,285
Total earned premium included in the balance sheet							6,730,900

(*) Reconciled with note 3.3 (Statements of incomes – Reconciliation) lines Written Premiums - Gross (R\$ 6,415,649) and Changes in Technical Provisions - (-R\$ 843,384).

• Retrocession – Net

September 30, 2019							
Underwriting Year	Parent Company and Consolidated						Total
	2014	2015	2016	2017	2018	2019	
Earned Premium in the Year	290,963	872,669	873,160	1,068,619	1,590,040	1,114,927	5,810,378
One year later	1,846,005	2,624,495	3,009,821	3,021,358	3,648,656		14,150,335
Two years later	2,202,255	2,901,843	3,862,597	3,487,952			12,454,647
Three years later	2,264,526	2,957,403	4,121,802				9,343,731
Four years later	2,287,910	2,954,765					5,242,675
Five years late	2,303,827						2,303,827
Earned Premium in 2019	15,917	(2,638)	259,205	466,595	2,058,616	1,114,927	3,912,622
Earned premium others components							97,594
Total Earned Premium Included in the Balance Sheet							4,010,216 (*)

December 31, 2018							
Underwriting Year	Parent Company and Consolidated						Total
	2014	2015	2016	2017	2018		
Earned Premium in the Year	290,963	872,669	873,160	1,068,619	1,589,959		4,695,370
One year later	1,846,005	2,624,495	3,009,821	3,021,358			10,501,679
Two years later	2,202,255	2,901,843	3,862,597				8,966,695
Three years later	2,264,526	2,957,403					5,221,929
Four years later	2,287,910						2,287,910
Earned Premium in 2019	23,384	55,560	852,777	1,952,739	1,589,959		4,474,419
Earned premium others components							414,417
Total Earned Premium Included in the Balance Sheet							4,888,836

(*) Reconciled with note 3.3 (Statements of incomes – Reconciliation) lines Written Premiums - Gross (R\$ 6,415,649), Changes in Technical Provisions - Premiums (-R\$ 843,384), Premiums Assigned in Retrocession (-R\$1,610,619) and Changes in Technical Provisions - Premium Assigned (R\$ 48,570).

IRB-Brasil Resseguros S.A.

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In thousands of Reais, except when stated otherwise

Claims Incurred

• Retrocession - Gross

September 30, 2019							
Underwriting Year	Parent Company and Consolidated						
	2014	2015	2016	2017	2018	2019	Total
Claims incurred in the year	293,187	656,095	330,900	346,916	150,969	416,035	2,194,102
One year later	1,331,605	2,184,610	1,970,743	1,991,309	2,425,321		9,903,588
Two years later	1,709,391	2,588,521	3,196,097	3,456,706			10,950,715
Three years later	1,775,186	2,856,086	3,959,973				8,591,245
Four years later	1,833,308	2,819,086					4,652,394
Five years later	1,843,701						1,843,701
Current estimate of accumulated claims	1,843,701	2,819,086	3,959,973	3,456,706	2,425,321	416,035	14,920,822
Accumulated payments until base date	(1,695,225)	(2,592,433)	(3,366,346)	(2,499,675)	(1,433,541)	(160,437)	(11,747,657)
Liabilities recognized in the balance sheet	148,476	226,653	593,627	957,031	991,780	255,598	3,173,165
Liabilities compared to years prior to 2014							907,047
IBNER	6,424	9,806	25,682	41,404	42,908	11,058	137,282
IBNR	20,635	41,063	89,202	234,294	748,924	293,843	1,427,961
Total liabilities included in balance sheet							5,645,455

December 31, 2018							
Underwriting Year	Parent Company						
	2014	2015	2016	2017	2018		Total
Claims incurred in the year	293,187	656,095	330,900	346,916	150,969		1,778,067
One year later	1,331,605	2,184,610	1,970,743	1,991,309			7,478,267
Two years later	1,709,391	2,588,521	3,196,097				7,494,009
Three years later	1,775,186	2,856,086					4,631,272
Four years later	1,833,308						1,833,308
Current estimate of accumulated claims	1,833,308	2,856,086	3,196,097	1,991,309	150,969		10,027,769
Accumulated payments until base date	1,629,801	2,371,696	2,563,223	1,107,243	50,978		7,722,941
Liabilities recognized in the balance sheet	203,507	484,390	632,875	884,066	99,991		2,304,829
Liabilities Compared to Years prior to 2014							1,716,632
IBNER	10,155	24,171	31,581	44,115	4,990		115,012
IBNER prior to 2014							85,659
IBNR	27,134	75,464	113,772	235,861	886,566		1,338,797
IBNR prior to 2014							660,271
Total liabilities included in balance sheet							6,221,200

December 31, 2018							
Underwriting Year	Consolidated						
	2014	2015	2016	2017	2018		Total
Claims incurred in the year	293,187	656,095	330,900	346,916	150,969		1,778,067
One year later	1,331,605	2,184,610	1,970,743	1,991,309			7,478,267
Two years later	1,709,391	2,588,521	3,196,097				7,494,009
Three years later	1,775,186	2,856,086					4,631,272
Four years later	1,833,308						1,833,308
Current estimate of accumulated claims	1,833,308	2,856,086	3,196,097	1,991,309	150,969		10,027,769
Accumulated payments until base date	1,629,801	2,371,696	2,563,223	1,107,243	50,978		7,722,941
Liabilities recognized in the balance sheet	203,507	484,390	632,875	884,066	99,991		2,304,829
Liabilities Compared to Years prior to 2014							1,717,048
IBNER	10,155	24,171	31,581	44,115	4,990		115,012
IBNER prior to 2014							85,660
IBNR	27,134	75,464	113,772	235,861	886,566		1,338,797
IBNR prior to 2014							660,271
Total liabilities included in balance sheet							6,221,617

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• Retrocession - Net

September 30, 2019							
Underwriting Year	Parent Company and Consolidated						
	2014	2015	2016	2017	2018	2019	Total
Claims Incurred in the Year	194,043	325,364	202,896	305,449	115,422	103,935	1,247,109
One year later	981,979	1,506,852	1,508,804	1,528,029	1,869,041	-	7,394,705
Two years later	1,252,197	1,833,732	2,579,524	2,712,390	-	-	8,377,843
Three years later	1,234,278	1,944,442	3,094,104	-	-	-	6,272,824
Four years later	1,267,005	1,923,343	-	-	-	-	3,190,348
Five years later	1,268,848	-	-	-	-	-	1,268,848
Current Estimate of Accumulated Claims	1,268,848	1,923,343	3,094,104	2,712,390	1,869,041	103,935	10,971,661
Accumulated Payments until Base Date	1,178,813	1,836,754	2,810,402	2,150,839	1,300,605	43,111	9,320,524
Liabilities Recognized in the Balance Sheet	90,035	86,589	283,703	561,551	568,436	60,824	1,651,138
Liabilities Compared to Years prior to 2014							41,845
IBNER	5,256	5,055	16,562	32,783	33,185	3,551	96,392
IBNR	12,775	22,249	45,126	154,978	586,682	222,938	1,044,748
Total Liabilities Included in Balance Sheet							2,834,123

December 31, 2018							
Underwriting Year	Parent Company and Consolidated						
	2014	2015	2016	2017	2018		Total
Claims Incurred in the Year	194,043	325,364	202,896	305,449	115,422		1,143,174
One year later	981,979	1,506,852	1,508,804	1,528,029			5,525,664
Two years later	1,252,197	1,833,732	2,579,524				5,665,453
Three years later	1,234,278	1,944,442					3,178,720
Four years later	1,267,005						1,267,005
Current Estimate of Accumulated Claims	1,267,005	1,944,442	2,579,524	1,528,029	115,422		7,434,422
Accumulated Payments until Base Date	1,118,248	1,734,325	2,087,901	934,871	39,075		5,914,420
Liabilities Recognized in the Balance Sheet	148,758	210,117	491,623	593,158	76,348		1,520,004
Liabilities Compared to Years prior to 2014							876,836
IBNER	7,352	10,385	24,298	29,317	3,773		75,125
IBNER prior to 2014							43,337
IBNR	16,798	40,889	57,557	156,014	694,506		965,764
IBNR prior to 2014							623,190
Total Liabilities Included in Balance Sheet							4,104,256

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2.4.3 Sensitivity analysis

The table below shows the possible outcome of this sensitivity on net income and shareholders' equity on September 30, 2019, assuming an increase of 10.0% in the loss ratio.

Gross effects	Base	Scenario 10.0%	Impact
Shareholders' equity	4,262,220	3,943,746	(318,474)
Net Income for the period	1,131,399	812,925	(318,474)
Impact (%) on net income			(28.1)
Impact (%) on shareholders' equity			(7.5)

Retrocession net effects	Base	Scenario 10.0%	Impact
Shareholders' equity	4,262,220	4,102,185	(160,035)
Net Income for the period	1,131,399	971,365	(160,035)
Impact (%) on net income			(14.1)
Impact (%) on shareholders' equity			(3.8)

Due to the nature of the operations accepted by IRB Brasil RE, there is no material exposure to convertibility, mortality or survival ratios.

2.5 Market risk

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

For these variables, managing the risk involves several organizational units, including guidelines and strategies which Management considers to be adequate and consistent with the Company's governance. Preventive loss management techniques include VaR (Value at Risk) and the development of stress scenarios.

2.5.1 Value at risk analysis

The Company's policies set limits, processes and tools effectively to manage the market risk. In addition, the investment portfolio is monitored daily to ensure that the limits are observed.

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

Based on the historical method, with a significance level of 95.0%, an observation window of 252 business days and daily returns, the daily VaR of the Company's asset portfolio estimated for September 30, 2019, was around R\$2,455, which represents a maximum estimated loss of 0.07% of the total portfolio of assets.

2.5.2 Foreign currency sensitivity analysis

The Company operates in foreign currencies, but its main exposure is to the US Dollar. There is a lower exposure to other currencies, including Sterling, Euros and Argentine Pesos.

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

- Base Scenario: PTAX exchange rate of R\$/US\$ 4.16 on September 30, 2019;
- Probable Scenario: Exchange rate for December 31, 2019 estimated at R\$/US\$3.96 by the Market Estimates System of the Central Bank of Brazil on September 30, 2019;
- Scenario I: Decrease of 25.0%, in relation to the rate under the probable scenario (R\$/US\$2.97);
- Scenario II: Decrease of 50.0%, in relation to the rate under the probable scenario (R\$/US\$1.98);

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The table below shows the impact of the exchange rate change on total assets and liabilities:

Group	September 30, 2019	Scenarios for December 31, 2019		
	Base	Impact (R\$ '000)		
		Likely	Scenario I	Scenario II
Total assets in foreign currency (*)	6,668,709	(327,318)	(1,912,666)	(3,498,014)
Total liabilities in foreign currency	(6,609,145)	324,395	1,895,582	3,466,770
Impact on Income before Taxes		(2,924)	(17,084)	(31,244)
Impact on shareholders' equity (%)		(0.1)	(0.4)	(0.7)
Impact on net income (%)		(0.2)	(1.4)	(2.6)

(*) Amounts include part of the assets in foreign currency of local currency investment funds.

2.5.3 Interest rate sensitivity analysis

The Company is exposed to an interest rate risk, since it has securities related to this element of market risk.

The following scenarios were considered for a sensitivity analysis based on changes in the SELIC interest rate:

- Base Scenario: Interest rate of 5.40% on September 30, 2019;
- Probable Scenario: Interest Rate for December 31, 2019 estimated at 4.80% by the Market Estimates System of the Central Bank of Brazil on September 30, 2019;
- Scenario I: Increase of 25.0%, in relation to the rate under the probable scenario (6.0% rate);
- Scenario II: Increase of 50.0%, in relation to the rate under the probable scenario (7.2% rate);

The table below shows the impact of interest rate change on the financial assets portfolio:

Group	September 30, 2019	Scenarios for December 31, 2019		
	Base	Impact (R\$ '000)		
		Likely	Scenario I	Scenario II
Total Portfolio (*)	4,902,896	4,903,756	4,902,036	4,900,315
Impact on Income before Taxes		860	(860)	(2,581)
Impact on shareholders' equity (%)		0.0	(0.0)	(0.1)
Impact on net income (%)		0.1	(0.1)	(0.2)

(*) Total portfolio balance does not include checking account balance, see Note 6.1.

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Consolidated Analysis by Economic Stress Tests

The Management applied to the assets a selection of the world's leading economic stress tests using the Predictive Method, i.e., considering the correlations between the various risk factors.

After the analysis, it can be concluded that the most adverse economic scenario for the investment portfolio is the Asian Crises, corresponding to the Asian financial crisis in 1997, with a series of currency devaluations, initially in Thailand, rapidly spreading across most of the Asian market, generating significant stock market drops, lower import revenue and government turmoil, which would lead to an estimated loss of 1.0% on the investment portfolio.

The world's leading economic stress tests were analyzed, as follow: Mexican Crisis (1995), Asian Crisis (1997), Russian Devaluation (1998), Tech Wreck (2000), September 11th (2001), Fall 2008 (2008).

Futures Contracts of Currencies

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

2.6 Credit risk

IRB Brasil RE considers that the main source of credit risk is its retrocession transactions. To minimize this risk, the Company has adopted the policy of undertaking retrocession transactions with companies with ratings no lower than A- (S&P, Fitch and AM Best) or A3 (Moody's). IRB has its own method to classify retrocessionaires. IRB Brasil RE's exposure is mitigated by adopting retrocession limits (individual and aggregate) for counterparties, which are reviewed and approved at least once a year by the Security Committee. The table below shows the distribution of retrocession assets by rating. Retrocession assets include provisions for claims, premiums deferred and other provisions (Note 9).

Rating of Retrocession Assets

September 30, 2019						
% of Retrocession Assets						
Rating Range (*)	Location	Admitted	Eventual	Insurer	Foreign Business	Total
AAA or equivalent	-	3.3	0.1	-	0.3	3.7
AA or equivalent	0.1	32.1	3.3	-	3.7	39.2
A or equivalent	-	10.8	39.5	-	2.6	52.9
BBB or equivalent	-	-	-	-	-	-
No rating	0.3	0.1	-	1.0	2.8	4.2
	0.4	46.3	42.9	1.0	9.4	100.0

December 31, 2018						
% of Retrocession Assets						
Rating Range (*)	Location	Admitted	Eventual	Insurer	Foreign Business	Total
AAA or equivalent	-	2.9	0.2	-	0.4	3.5
AA or equivalent	0.2	31.8	3.8	-	5.2	41.0
A or equivalent	-	9.8	36.6	-	3.3	49.7
BBB or equivalent	0.1	-	-	-	0.2	0.3
No rating	0.2	0.1	-	2.0	3.2	5.5
	0.5	44.6	40.6	2.0	12.3	100.0

(*) Ratings are measured by agencies: S&P - Standard & Poor's, Moody's, A.M. Best and Fitch.

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In addition, the table below shows the distribution of credits on reinsurance transactions by rating. Credits from reinsurance and retrocession transactions mainly represent the balances receivable from the Company's operations, as per Note 7.

Operations Credit Rating

September 30, 2019						
% of Exposure by Rating Range						
Rating Range (*)	Location	Admitted	Eventual	Insurer	Foreign Business	Total
AAA or equivalent	-	3.5	0.1	-	0.7	4.3
AA or equivalent	-	12.6	1.8	-	1.3	15.7
A or equivalent	1.0	2.3	14.8	-	3.9	22.0
BBB or equivalent	1.9	-	-	-	0.5	2.4
No rating	0.1	-	-	43.3	12.2	55.6
	3.0	18.4	16.7	43.3	18.6	100.0

December 31, 2018						
% of Exposure by Rating Range						
Rating Range (*)	Location	Admitted	Eventual	Insurer	Foreign Business	Total
AAA or equivalent	-	3.6	0.2	-	0.9	4.7
AA or equivalent	0.1	14.6	1.1	-	1.9	17.7
A or equivalent	1.0	2.1	10.6	-	2.7	16.4
BBB or equivalent	0.9	-	-	-	1.7	2.6
No rating	0.1	0.2	-	45.4	12.9	58.6
	2.1	20.5	11.9	45.4	20.1	100.0

(*) Operations credit ratings are measured by the Company's internal criteria.

The credit risk on investment funds and financial instruments is limited as the counterparties are banks with high credit ratings, awarded by the main international ratings agencies.

The following techniques are used to control and mitigate credit risk: defining the retrocession limits for each entity; monitoring the credit risk exposure; monitoring the changes and trends in the insurance and reinsurance markets and in the financial markets, and preventatively managing losses.

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Exposure to Credit Risk

The table below shows the total exposure to credit risk for the Company's several asset categories and the terms of overdue assets.

							Parent Company
							September 30, 2019
Portfolio Breakdown by Class and by Book Category	Unpaid and non-impaired assets	Overdue and non-impaired assets				Book Value	Book Balance December 31, 2018
		Past due within 30 days	Overdue between 31 and 90 days	Overdue between 91 and 180 days	Overdue over 181 days		
Cash and cash equivalents	47,257					47,257	27,001
Measured at fair value through income							
Private	91,066					91,066	105,424
Listed	133,825					133,825	1,458,570
Abroad	284,618					284,618	768,972
Available for sale							
Private	967,891					967,891	195,368
Listed	3,352,450					3,352,450	3,117,043
Abroad	7,834					7,834	233,578
Credits with insurance and reinsurance operations	4,467,387	188,562	285,797	152,822	134,622	5,229,190	4,688,257
Total financial assets and assets from insurance and reinsurance contracts	9,352,328	188,562	285,797	152,822	134,622	10,114,131	10,594,213

							Consolidated
							September 30, 2019
Portfolio Breakdown by Class and by Book Category	Unpaid and non-impaired assets	Overdue and non-impaired assets				Book Value	Book Balance December 31, 2018
		Past due within 30 days	Overdue between 31 and 90 days	Overdue between 91 and 180 days	Overdue over 181 days		
Cash and cash equivalents	57,770					57,770	43,131
Measured at fair value through income							
Private	117,401					117,401	143,583
Listed	133,853					133,853	1,458,819
Abroad	284,618					284,618	768,972
Available for sale							
Private	1,006,740					1,006,740	224,368
Listed	3,352,450					3,352,450	3,117,063
Abroad	7,834					7,834	249,057
Credits with insurance and reinsurance operations	4,467,387	188,562	285,797	152,822	134,622	5,229,190	4,688,356
Total financial assets and assets from insurance and reinsurance contracts	9,428,053	188,562	285,797	152,822	134,622	10,189,856	10,693,349

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2.7 Liquidity risk

Liquidity risk is related to the Company's risk, even if it is solvent, of not having the resources to meet its obligations on time, or to meet the obligations only by selling assets in unfavorable conditions, leading to financial losses.

To manage this risk, the Company seeks to allocate assets mainly in highly liquid funds to meet short-term cash requirements. This risk is continuously supervised by monitoring the cash flow of assets and liabilities over time, as shown in the table below.

	September 30, 2019			
	Parent Company		Consolidated	
	Assets (*)	Liabilities (**)	Assets (*)	Liabilities (**)
Flow from 0 to 12 months	6,748,649	3,556,448	6,757,017	3,556,448
Flow from 12 to 24 months	1,836,646	2,291,983	1,838,506	2,291,983
Flow from 24 to 36 months	511,397	1,204,485	511,597	1,204,485
Flow from 36 to 48 months	239,513	660,606	239,559	660,606
Flow over 48 months	481,938	1,334,083	481,977	1,334,083
	9,818,143	9,047,605	9,828,656	9,047,605

(*) The flow of assets includes the sum of cash flow from assets available for collateral, cash and cash equivalents and retrocession assets and future receivables.

(**) The flow of liabilities includes technical provisions for reinsurance.

2.8 Valuation techniques and assumptions applied to calculate the fair value

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

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

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

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2.9 Measurements at fair value recognized in the statement of financial position

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

- (a) Level 1 fair value measurements are obtained from quoted (unadjusted) prices in active markets for identical assets or liabilities.
- (b) Level 2 fair value measurements are obtained from variables, other than the quoted prices included in Level 1, which are observable for the asset or liability directly (i.e. as prices) or indirectly (i.e. based on prices).
- (c) Level 3 fair value measurements are obtained from valuation techniques, which include variables for the asset or liability, but not based on observable market data (non-observable data).

		Parent Company		Consolidated	
		September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Financial assets at fair value through income					
Financial Treasury Bills	Level 1	-	1,066,185	-	1,066,185
Repurchase Agreements	Level 1	133,825	392,385	133,853	392,634
Shares in Non-Exclusive Funds	Level 1	16,033	76,878	79,965	115,738
Fixed Term Deposits	Level 2	268,585	640,404	268,585	640,404
Shares in Variable Income Funds	Level 1	-	32,068	-	31,549
Shares of national companies	Level 1	37,981	51,437	38,527	51,437
Debentures	Level 1	3,084	1,666	3,084	1,666
Inepar Debentures	Level 3	11,858	11,858	11,858	11,858
Real Estate Funds	Level 1	37,574	8,213	-	8,213
Government Bonds Abroad	Level 1	-	51,690	-	51,690
Others	Level 2	569	182	-	-
Total		509,509	2,332,966	535,872	2,371,374
Financial Assets Available for Sale					
Financial Treasury Bills	Level 1	3,232,516	2,651,667	3,232,516	2,651,667
National Treasury Notes	Level 1	72,424	443,848	72,424	443,848
Shares in Fixed Income Funds	Level 1	-	140,529	-	140,529
Real Estate Funds	Level 1	-	-	32,033	-
Debentures	Level 1	71,517	26,338	71,517	26,338
Sovereign Securities	Level 1	848,323	-	848,323	29,094
Financial bills	Level 2	53,724	25,901	53,724	25,901
Repurchase Agreements	Level 1	47,510	21,528	47,510	21,548
Commercial Note	Level 1	1,143	2,506	1,143	2,506
Others	Level 2	(6,816)	94	-	-
Government Bonds Abroad	Level 1	-	197,150	-	197,150
American Depositary Receipts - ADR	Level 1	7,834	6,553	7,834	6,553
Fixed income securities abroad	Level 1	-	29,875	-	29,875
U.S. Treasury Securities Obligations of U.S.	Level 1	-	-	-	6,819
Obligations of U.S. Government corporations and agencies	Level 1	-	-	-	2,043
Sec Issued by States & Terr.	Level 1	-	-	-	1,025
Corporate Securities	Level 1	-	-	-	4,721
Short-Term Investments	Level 1	-	-	-	871
Total		4,328,175	3,545,989	4,367,024	3,590,488

2.9.1 Methods and assumptions used to estimate the fair value of an asset

All the methods and assumptions for valuation based on “marking on the curve” and at the market, after defining the type of marking for each asset, are fully consistent with the methodology detailed in IRB Brasil RE’s asset marking manuals. These, in turn, are fully consistent with the custodian’s marking manuals that provide services and are responsible for the calculation of the marking, both to market and on the curve.

In the case of “marking on the curve” a purchase price is fixed for the financial instruments in question and is used as a reference to calculate an interest rate for the entire period of the financial investment, recognizing the appreciation of the asset on a “*pro-rata*” basis, i.e. considering the purchase price of the security and accruing interest in proportion to the time elapsed since issue, appropriated daily. This type of marking ignores losses unless the asset is sold. Since the calculation is always based on the purchase price plus a daily appropriation of interest, the yield is always positive. The result for “marking on the curve” is similar to “marking to market”, provided that the security does not have to be sold before maturity.

For “marking to market”, expected future rates curves are used to calculate the present value of each asset. In these cases, when it is necessary to structure forward interest rates, the mapping is based on market expectations of rates over longer periods. The curves are constructed in line with the prices observed for fixed-income instruments for specific periods, taking account of all the liquid vertices (traded on the most recent business day) primarily using prices published by the Brazilian Association of Financial and Capital Market Entities (ANBIMA). This mapping, although continuous, can only be observed for specific periods. Thus, it is necessary to estimate the interest rate curve for periods with no related rates or rates traded in the market, which for IRB Brasil RE is carried out using exponential interpolation.

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

CNSP Resolution 321/2015, as amended, establishes the methodology for the calculation of risk capital based on underwriting, credit, operating and market risks, the calculation of adjusted shareholders' equity, as well as the criteria for liquidity and solvency. These are based on the following concepts:

- I Minimum capital requirement: the amount of capital which local reinsurers must maintain at all times in order to operate, being the higher of the base capital and risk capital.
- II Base capital: a fixed sum of capital, amounting to R\$60,000, which a local reinsurer must maintain at all times.
- III Risk capital: a variable amount of capital which a local reinsurer must maintain at all times, in order to guarantee the risks inherent in its operations, as provided for in the regulations.
- IV Net assets: all of the assets accepted by the National Monetary Council in up to 100.0% of coverage for technical provisions.
- V Liquidity in relation to risk capital: a situation in which the total of net assets exceeds the amount required for covering provisions in more than 20.0% of the risk capital obtained on deducting the flow of unregistered transactions from the calculation of market risk capital.

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2.10.1 Calculation of the minimum capital requirement

Considering the methodology established by the regulatory body, the Company presents sufficient adjusted shareholders' equity relative to the minimum required capital calculated, on the base date of September 30, 2019:

	Parent Company and Consolidated	
	September 30, 2019	December 31, 2018
Risk capital based on subscription risk	880,183	667,619
Risk capital based on credit risk	312,723	269,891
Risk capital based on operational risk	47,613	42,329
Risk capital based on market risk	330,633	158,695
Risk diversification benefit	(317,597)	(202,721)
Total risk capital	1,253,555	935,813
Base capital	60,000	60,000
Minimum capital required (**)	1,253,555	935,813
Adjusted shareholders' equity (*)	3,193,917	3,003,046
Adjusted Shareholders' equity sufficiency	1,940,362	2,067,233

(*) Shareholders' equity used for calculating solvency.

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

	September 30, 2019	December 31, 2018
Shareholders' Equity	4,262,220	4,000,780
DEDUCTIONS		
Prepaid expenses	(15,128)	(11,886)
Shareholdings	(842,491)	(630,976)
Intangible Assets	(39,846)	(42,453)
Rights/obligations of branches abroad	(110,493)	(90,563)
Tax credits (***)	(197,085)	(279,383)
Other deductions	(50)	(50)
Economic adjustments	136,790	57,577
Adjusted shareholders' equity	3,193,917	3,003,046

(***) The amount of tax credits of temporary differences (Note 11.1) deducted in calculating adjusted shareholders' equity is the surplus exceeding 15.0% of the minimum capital requirement (CMR).

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2.10.2 Liquidity in relation to risk capital

The Company presented sufficient levels of net assets on September 30, 2019, a surplus to cover provisions and exceeding the minimum rate established by current regulations. The table below shows the results of the calculation of liquidity in relation to risk capital:

	Parent Company	
	September 30, 2019	December 31, 2018
Eligible Assets (*)	4,783,920	5,618,963
Technical Provisions	(9,047,605)	(8,712,677)
Retrocession Assets	3,863,841	3,084,435
Reducing assets	(853,040)	(818,026)
Future Receivables	1,976,165	1,302,813
20.0% Coverage on Total Risk Capital (**)	(244,406)	(181,957)
Liquidity sufficiency	478,875	293,551

(*) Short-term investments linked to technical provisions.

(**) As provided for in CNSP Resolution 321/15, the risk capital used to calculate liquidity is net of the unregistered flows used to calculate risk capital based on market risk.

	Consolidated	
	September 30, 2019	December 31, 2018
Eligible Assets (*)	4,783,920	5,618,963
Technical Provisions	(9,047,605)	(8,713,094)
Retrocession Assets	3,863,841	3,084,452
Reducing assets	(853,040)	(818,026)
Future Receivables	1,976,165	1,302,813
20.0% Coverage on Total Risk Capital (**)	(244,406)	(181,957)
Liquidity sufficiency	478,875	293,151

(*) Short-term investments linked to technical provisions.

(**) As provided for in CNSP Resolution 321/15, the risk capital used to calculate liquidity is net of the unregistered flows used to calculate risk capital based on market risk.

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Section C – Information by segment

3 Information by operating segment

IRB Brasil RE's business segments are aligned with its executive structure, reflecting the internal financial reports of operating performance in Brazil and abroad which Management uses in conducting the business. Net income is the key factor used by Management to monitor results.

On September 30, 2019 and 2018, IRB Brasil RE's income by geographical region is as follows:

3.1 Statements of income - View per business segment

	Quarter			
	Parent Company		Consolidated	
	July 1 to September 30, 2019	July 1 to September 30, 2018	July 1 to September 30, 2019	July 1 to September 30, 2018
Reinsurance Premiums	2,298,149	1,951,071	2,298,149	1,951,071
Reinsurance Premiums - Domestic	1,303,588	1,179,199	1,303,588	1,179,199
Reinsurance Premiums - Abroad	994,561	771,872	994,561	771,872
Premiums assigned in retrocession	(511,227)	(403,478)	(511,227)	(403,478)
Premiums Assigned in Retrocession - Domestic	(491,027)	(353,497)	(491,027)	(353,497)
Premiums Assigned in Retrocession - Abroad	(20,200)	(49,981)	(20,200)	(49,981)
Retained Premiums	1,786,922	1,547,593	1,786,922	1,547,593
Retained Premiums - Domestic	812,561	825,702	812,561	825,702
Retained Premiums - Abroad	974,361	721,891	974,361	721,891
Changes in Technical Provisions	(370,353)	(297,873)	(370,353)	(297,873)
Changes in Technical Provisions - Domestic	(142,111)	(262,270)	(142,111)	(262,270)
Changes in Technical Provisions - Abroad	(228,242)	(35,603)	(228,242)	(35,603)
Earned Premiums	1,416,569	1,249,720	1,416,569	1,249,720
Earned Premiums - Domestic	670,450	563,432	670,450	563,432
Earned Premiums - Abroad	746,119	686,288	746,119	686,288
Retained Claims	(737,260)	(730,614)	(737,260)	(730,614)
Retained Claims - Domestic	(428,950)	(185,189)	(428,950)	(185,189)
Retained Claims - Abroad	(308,310)	(545,425)	(308,310)	(545,425)
Acquisition Costs	(329,373)	(247,787)	(329,373)	(247,787)
Acquisition Costs - Domestic	(197,920)	(124,171)	(197,920)	(124,171)
Acquisition Costs - Abroad	(131,453)	(123,616)	(131,453)	(123,616)
Other Operating Expenses	(29,384)	(12,110)	(29,384)	(12,110)
Other Operating Expenses - Domestic	(20,271)	(5,431)	(20,271)	(5,431)
Other Operating Expenses - Abroad	(9,113)	(6,679)	(9,113)	(6,679)
Underwriting Income	320,552	259,209	320,552	259,209
Underwriting Result - Domestic	23,309	248,641	23,309	248,641
Underwriting Result - Abroad	297,243	10,568	297,243	10,568
Administrative Expenses	(52,902)	(48,516)	(54,817)	(55,527)
Tax Expenses	(15,563)	(24,645)	(23,332)	(25,381)
Financial and Equity Income	135,295	188,013	244,278	200,494
Financial Income	135,373	178,111	239,353	178,224
Equity Income	(78)	9,902	4,925	22,270
Income before Taxes	387,382	374,061	486,681	378,795
Taxes, Contributions and Profit Sharing	5,166	(69,536)	(94,133)	(74,270)
Net Income for the Quarter	392,548	304,525	392,548	304,525

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3.1 Statements of income - View per business segment

	Accumulated			
	Parent Company		Consolidated	
	January 1 to September 30, 2019	January 1 to September 30, 2018	January 1 to September 30, 2019	January 1 to September 30, 2018
Reinsurance Premiums	6,416,999	5,282,711	6,416,999	5,282,711
Reinsurance Premiums - Domestic	3,645,165	3,241,324	3,645,165	3,241,324
Reinsurance Premiums - Abroad	2,771,834	2,041,387	2,771,834	2,041,387
Premiums assigned in retrocession	(1,593,886)	(1,265,694)	(1,593,886)	(1,265,694)
Premiums Assigned in Retrocession - Domestic	(1,390,378)	(1,185,692)	(1,390,378)	(1,185,692)
Premiums Assigned in Retrocession - Abroad	(203,508)	(80,002)	(203,508)	(80,002)
Retained Premiums	4,823,113	4,017,017	4,823,113	4,017,017
Retained Premiums - Domestic	2,254,787	2,055,632	2,254,787	2,055,632
Retained Premiums - Abroad	2,568,326	1,961,385	2,568,326	1,961,385
Changes in Technical Provisions	(771,941)	(647,904)	(771,941)	(647,904)
Changes in Technical Provisions - Domestic	(361,879)	(498,866)	(361,879)	(498,866)
Changes in Technical Provisions - Abroad	(410,062)	(149,038)	(410,062)	(149,038)
Earned Premiums	4,051,172	3,369,113	4,051,172	3,369,113
Earned Premiums - Domestic	1,892,908	1,556,766	1,892,908	1,556,766
Earned Premiums - Abroad	2,158,264	1,812,347	2,158,264	1,812,347
Retained Claims	(2,150,950)	(1,864,352)	(2,150,950)	(1,864,352)
Retained Claims - Domestic	(843,477)	(614,079)	(843,477)	(614,079)
Retained Claims - Abroad	(1,307,473)	(1,250,273)	(1,307,473)	(1,250,273)
Acquisition Costs	(843,962)	(655,852)	(843,962)	(655,852)
Acquisition Costs - Domestic	(472,847)	(353,950)	(472,847)	(353,950)
Acquisition Costs- Abroad	(371,115)	(301,902)	(371,115)	(301,902)
Other Operating Expenses	(67,219)	(36,890)	(67,219)	(36,890)
Other Operating Expenses - Domestic	(37,162)	(16,052)	(37,162)	(16,052)
Other Operating Expenses - Abroad	(30,057)	(20,838)	(30,057)	(20,838)
Underwriting Income	989,041	812,019	989,041	812,019
Underwriting Result - Domestic	539,422	572,685	539,422	572,685
Underwriting Result - Abroad	449,619	239,334	449,619	239,334
Administrative Expenses	(172,169)	(160,849)	(178,113)	(169,463)
Tax Expenses	(57,512)	(92,954)	(72,859)	(95,362)
Financial and Equity Income	514,234	513,933	651,450	561,038
Financial Income	514,471	484,231	620,431	493,938
Equity Income	(237)	29,702	31,019	67,100
Income before Taxes	1,273,594	1,072,149	1,389,519	1,108,232
Taxes, Contributions and Profit Sharing	(142,195)	(226,286)	(258,120)	(262,369)
Net Income for the period	1,131,399	845,863	1,131,399	845,863

IRB-Brasil Resseguros S.A.

Notes to the quarterly information - ITR at September 30, 2019

In thousands of Reais, except when stated otherwise

3.2 Statements of income – Business view

The Company's Management bases its decision-making management accounts, which differ from those shown in the statement of income, as prepared in accordance with Brazil's accounting standards for reinsurers, as shown below:

	Quarter			
	Parent Company		Consolidated	
	July 1 to September 30, 2019	July 1 to September 30, 2018	July 1 to September 30, 2019	July 1 to September 30, 2018
Written Premiums	2,298,149	1,951,071	2,298,149	1,951,071
Reinsurance Premiums - Domestic (a)	1,303,588	1,179,199	1,303,588	1,179,199
Reinsurance Premiums - Abroad (a)	994,561	771,872	994,561	771,872
Premiums Assigned in Retrocession (b)	(511,227)	(403,478)	(511,227)	(403,478)
Retained Premiums	1,786,922	1,547,593	1,786,922	1,547,593
Changes in Technical Provisions (c)	(370,353)	(297,873)	(370,353)	(297,873)
Earned Premiums	1,416,569	1,249,720	1,416,569	1,249,720
Retained Claims (d)	(737,260)	(730,614)	(737,260)	(730,614)
PSL	(650,238)	(547,020)	(650,238)	(547,020)
IBNR	(87,022)	(183,594)	(87,022)	(183,594)
Acquisition Costs (e)	(329,373)	(247,787)	(329,373)	(247,787)
Other Operating Expenses (f)	(29,384)	(12,110)	(29,384)	(12,110)
Underwriting Income	320,552	259,209	320,552	259,209
Administrative Expenses (g)	(52,902)	(48,516)	(54,817)	(55,527)
Tax Expenses (j)	(15,563)	(24,645)	(23,332)	(25,381)
Financial and Equity Income (h)	135,295	188,013	244,278	200,494
Financial Income	135,373	178,111	239,353	178,224
Equity Investments	(78)	9,902	4,925	22,270
Income before Taxes	387,382	374,061	486,681	378,795
Taxes, Contributions and Profit Sharing (i)	5,166	(69,536)	(94,133)	(74,270)
Net Income for the Quarter	392,548	304,525	392,548	304,525

	Accumulated			
	Parent Company		Consolidated	
	January 1 to September 30, 2019	January 1 to September 30, 2018	January 1 to September 30, 2019	January 1 to September 30, 2018
Written Premiums	6,416,999	5,282,711	6,416,999	5,282,711
Reinsurance Premiums - Domestic (a)	3,645,165	3,241,324	3,645,165	3,241,324
Reinsurance Premiums - Abroad (a)	2,771,834	2,041,387	2,771,834	2,041,387
Premiums Assigned in Retrocession (b)	(1,593,886)	(1,265,694)	(1,593,886)	(1,265,694)
Retained Premiums	4,823,113	4,017,017	4,823,113	4,017,017
Changes in Technical Provisions (c)	(771,941)	(647,904)	(771,941)	(647,904)
Earned Premiums	4,051,172	3,369,113	4,051,172	3,369,113
Retained Claims (d)	(2,150,950)	(1,864,352)	(2,150,950)	(1,864,352)
PSL	(2,155,351)	(1,637,629)	(2,155,351)	(1,637,629)
IBNR	4,401	(226,723)	4,401	(226,723)
Acquisition Costs (e)	(843,962)	(655,852)	(843,962)	(655,852)
Other Operating Expenses (f)	(67,219)	(36,890)	(67,219)	(36,890)
Underwriting Income	989,041	812,019	989,041	812,019
Administrative Expenses (g)	(172,169)	(160,849)	(178,113)	(169,463)
Tax Expenses (j)	(57,512)	(92,954)	(72,859)	(95,362)
Financial and Equity Income (h)	514,234	513,933	651,450	561,038
Financial Income	514,471	484,231	620,431	493,938
Equity Investments	(237)	29,702	31,019	67,100
Income before Taxes	1,273,594	1,072,149	1,389,519	1,108,232
Taxes, Contributions and Profit Sharing (i)	(142,195)	(226,286)	(258,120)	(262,369)
Net Income for the period	1,131,399	845,863	1,131,399	845,863

**Notes to the quarterly information - ITR
at September 30, 2019**

In thousands of Reais, except when stated otherwise

3.3 Statements of incomes – Reconciliation

The reconciliation between the balances presented above in the Statements of income and business view (3.2) is as follows:

	Quarter			
	Parent Company		Consolidated	
	July 1 to September 30, 2019	July 1 to September 30, 2018	July 1 to September 30, 2019	July 1 to September 30, 2018
Reinsurance Premiums, Net	1,931,904	1,654,582	1,931,904	1,654,582
Written Premiums - Gross (a)	2,297,949	1,950,236	2,297,949	1,950,236
Reinsurance Commission (e)	(366,045)	(295,654)	(366,045)	(295,654)
Changes in Technical Provisions	(242,035)	(150,952)	(242,035)	(150,952)
Changes in Technical Provisions - Premiums (c)	(314,200)	(195,085)	(314,200)	(195,085)
Changes in Technical Provisions - Commission (e)	51,003	62,607	51,003	62,607
Changes in Technical Provisions - Other Provisions (c)	21,162	(18,474)	21,162	(18,474)
Earned Premiums	1,689,869	1,503,630	1,689,869	1,503,630
Claims Incurred (d)	(1,363,749)	(880,672)	(1,363,749)	(880,672)
Acquisition Costs (e)	(42,002)	(40,600)	(42,002)	(40,600)
Income from Retrocession	(26,202)	(297,248)	(26,202)	(297,248)
Recovery of Claims Incurred (d)	369,229	177,932	369,229	177,932
Saved and Reimbursed to Retrocessionaire (d)	(663)	(7,387)	(663)	(7,387)
IBNR Recovery (d)	165,727	(15,794)	165,727	(15,794)
Premiums Assigned in Retrocession (b)	(511,227)	(403,105)	(511,227)	(403,105)
Commission on Premiums Assigned in Retrocession (e)	29,594	22,172	29,594	22,172
Changes in Technical Provisions - Premium Assigned (c)	(77,669)	(84,314)	(77,669)	(84,314)
Change in Technical Provisions - Commission Assigned (e)	(1,892)	3,646	(1,892)	3,646
Changes in Technical Provisions - Other Provisions (c)	354	-	354	-
Other Results with Retrocession (f)	377	9,503	377	9,503
Other Acquisition Costs (e)	(32)	99	(32)	99
Gross Income	257,916	285,110	257,916	285,110
Other Operating Expenses	(25,966)	(13,284)	(25,966)	(13,284)
Other Operating Revenues and Expenses (f)	(25,165)	(21,636)	(25,165)	(21,636)
Other Financial Income (h)	(801)	8,352	(801)	8,352
Administrative Expenses	(57,897)	(50,552)	(39,618)	(58,066)
Profit Sharing (i)	123	-	(229)	-
Tax Expenses (j)	(104)	(83)	(104)	(81)
Other tax expenses (i)	(42)	(1,979)	(42)	(1,979)
Other Administrative Expenses (g)	(52,902)	(48,516)	(54,743)	(57,668)
Other Financial Income (h)	(376)	3	20,096	1,639
Other Operating Revenues and Expenses (f)	(4,596)	23	(4,596)	23
Expenses with Taxes	(16,944)	(28,754)	(24,801)	(29,492)
Other taxes (i)	(1,724)	(4,361)	(1,799)	(4,361)
Tax Expenses (j)	(15,220)	(24,393)	(23,002)	(25,131)
Other taxes (h)	-	-	-	-
Operating Income	157,109	192,520	167,531	184,268
Financial Income	(5,140)	146,883	305,865	156,228
Interest on Acquisition Costs (e)	1	(57)	1	(57)
Interest on premiums assigned (b)	-	(373)	-	(373)
Interest on premiums abroad (a)	197	54	197	54
Interest on domestic premiums (a)	3	781	3	781
Interest on claims (d)	92,196	(4,693)	92,196	(4,693)
Expenses with Taxes (j)	(239)	(169)	(226)	(169)
Financial Income (h)	(90,351)	155,657	220,287	165,002
Other financial income (i)	(6,947)	(4,317)	(6,593)	(4,317)
Equity Income	226,825	24,001	4,624	27,642
Other equity income (h)	226,825	24,001	4,698	25,501
Other Administrative Expenses (g)	-	-	(74)	2,141
Gains on non-current assets (h)	(2)	-	(2)	-
Income before Income Tax and Social Contribution	378,792	363,404	478,018	368,138
Taxes and Contributions (i)	13,756	(58,879)	(85,470)	(63,613)
Net Income for the Quarter	392,548	304,525	392,548	304,525

IRB-Brasil Resseguros S.A.

Notes to the quarterly information - ITR at September 30, 2019

In thousands of Reais, except when stated otherwise

3.3 Statements of incomes – Reconciliation

	Accumulated			
	Parent Company		Consolidated	
	January 1 to September 30, 2019	January 1 to September 30, 2018	January 1 to September 30, 2019	January 1 to September 30, 2018
Reinsurance Premiums, Net	5,487,087	4,582,474	5,487,087	4,582,474
Written Premiums - Gross (a)	6,415,649	5,280,285	6,415,649	5,280,285
Reinsurance Commission (e)	(928,562)	(697,811)	(928,562)	(697,811)
Changes in Technical Provisions	(701,707)	(497,449)	(701,707)	(497,449)
Changes in Technical Provisions - Premiums (c)	(843,384)	(485,602)	(843,384)	(485,602)
Changes in Technical Provisions - Commission (e)	120,056	78,141	120,056	78,141
Changes in Technical Provisions - Other Provisions (c)	21,621	(89,988)	21,621	(89,988)
Earned Premiums	4,785,380	4,085,025	4,785,380	4,085,025
Claims Incurred (d)	(3,445,734)	(1,936,931)	(3,445,734)	(1,936,931)
Acquisition Costs (e)	(118,493)	(106,796)	(118,493)	(106,796)
Income from Retrocession	(364,950)	(1,078,169)	(364,950)	(1,078,169)
Recovery of Claims Incurred (d)	1,264,646	353,569	1,264,646	353,569
Saved and Reimbursed to Retrocessionaire (d)	(321,301)	(18,875)	(321,301)	(18,875)
IBNR Recovery (d)	164,170	(160,130)	164,170	(160,130)
Premiums Assigned in Retrocession (b)	(1,610,619)	(1,264,678)	(1,610,619)	(1,264,678)
Commission on Premiums Assigned in Retrocession (e)	89,419	75,728	89,419	75,728
Changes in Technical Provisions - Premium Assigned (c)	48,570	(72,324)	48,570	(72,324)
Change in Technical Provisions - Commission Assigned (e)	(6,138)	(4,849)	(6,138)	(4,849)
Changes in Technical Provisions - Other Provisions (c)	1,252	10	1,252	10
Other Results with Retrocession (f)	5,279	13,577	5,279	13,577
Other Acquisition Costs (e)	(228)	(197)	(228)	(197)
Gross Income	856,203	963,129	856,203	963,129
Other Operating Expenses	(62,728)	(28,518)	(62,728)	(28,518)
Other Operating Revenues and Expenses (f)	(58,202)	(46,410)	(58,202)	(46,410)
Other Financial Income (h)	(4,526)	17,892	(4,526)	17,892
Administrative Expenses	(193,998)	(168,146)	(200,138)	(184,514)
Profit Sharing (i)	(6,974)	(648)	(7,326)	(648)
Tax Expenses (j)	(284)	(279)	(284)	(279)
Other tax expenses (i)	(206)	(2,301)	(206)	(2,301)
Other Administrative Expenses (g)	(172,169)	(160,849)	(177,897)	(175,640)
Other Financial Income (h)	(69)	(12)	(129)	(1,589)
Other Operating Revenues and Expenses (f)	(14,296)	(4,057)	(14,296)	(4,057)
Expenses with Taxes	(62,080)	(98,609)	(77,502)	(101,017)
Other taxes (i)	(5,620)	(6,847)	(5,695)	(6,847)
Tax Expenses (j)	(56,460)	(91,762)	(71,807)	(94,170)
Operating Income	537,397	667,856	515,835	649,080
Financial Income	310,497	264,153	780,017	359,377
Interest on Acquisition Costs (e)	(16)	(68)	(16)	(68)
Interest on premiums assigned (b)	16,733	(1,016)	16,733	(1,016)
Interest on premiums abroad (a)	701	171	701	171
Interest on domestic premiums (a)	649	2,255	649	2,255
Interest on claims (d)	187,269	(101,985)	187,269	(101,985)
Expenses with Taxes (j)	(768)	(913)	(768)	(913)
Financial Income (h)	142,604	382,118	612,123	477,342
Other financial income (i)	(36,675)	(16,409)	(36,674)	(16,409)
Equity Income	376,200	113,935	43,741	73,570
Other equity income (h)	376,200	113,935	43,957	67,393
Other Administrative Expenses (g)	-	-	(216)	6,177
Gains on non-current assets (h)	25	-	25	-
Income before Income Tax and Social Contribution	1,224,119	1,045,944	1,339,618	1,082,027
Taxes and Contributions (i)	(92,720)	(200,081)	(208,219)	(236,164)
Net Income for the period	1,131,399	845,863	1,131,399	845,863

IRB-Brasil Resseguros S.A.

Notes to the quarterly information - ITR at September 30, 2019

In thousands of Reais, except when stated otherwise

Section D – Group structure

4 Investments

4.1 Changes in investments

	Parent Company	
	September 30, 2019	December 31, 2018
Initial position	630,976	623,352
Capital increase	3,799	4,797
Acquisitions (*)	15,899	-
Profit of subsidiaries and dividends paid	199,884	21,525
Equity valuation adjustment	6,298	(22,363)
Exchange rate changes	(14,365)	3,198
Others	-	467
Final position	842,491	630,976

(*) On August 5, 2019, the Company subscribed to 8.93% of the capital of B3i Services AG ("B3i"), for the amount of € 3,500.00 (three million five hundred thousand Euros). B3i is a major global technology development initiative for the insurance and reinsurance industry, including the registration of these operations through a Blockchain platform. The 8.93% subscription of B3i shares positions IRB Brasil RE as the only company in Latin America alongside the leading global insurance and reinsurance companies. The ownership interest will allow IRB Brasil RE to have the right to appoint a member to the company's board of directors, which currently has 9 directors.

4.2 Shareholding

Name	Country	Business	Relationships	Consolidated	
				September 30, 2019	
				Percentage	
				Direct Interest in Common Shares	Indirect Interest in Common Shares
IRB Asset Management	Brazil	Management of Financial Assets	Subsidiary	100.0%	
IRB Investimentos e Participações Imobiliárias	Brazil	Real Estate Management	Subsidiary	100.0%	
IRB Santos Dumont (*)	Brazil	Real Estate Management	Indirect Subsidiary		100.0%
IRB Chile (*)	Brazil	Real Estate Management	Indirect Subsidiary		100.0%
IRB Use (*)	Brazil	Real Estate Management	Indirect Subsidiary		100.0%
IRB Income (*)	Brazil	Real Estate Management	Indirect Subsidiary		100.0%
B3i	Suíça	Technology	Other investments	8.9%	

Name	Country	Business	Relationships	Consolidated	
				December 31, 2018	
				Percentage	
				Direct Interest in Common Shares	Indirect Interest in Common Shares
IRB International	USA	Holding	Subsidiary	100.0%	
IRB Asset Management	Brazil	Management of Financial Assets	Subsidiary	100.0%	
IRB Investimentos e Participações Imobiliárias	Brazil	Real Estate Management	Subsidiary	100.0%	
IRB Santos Dumont (*)	Brazil	Real Estate Management	Indirect Subsidiary		100.0%
IRB Chile (*)	Brazil	Real Estate Management	Indirect Subsidiary		100.0%
IRB Use (*)	Brazil	Real Estate Management	Indirect Subsidiary		100.0%
IRB Income (*)	Brazil	Real Estate Management	Indirect Subsidiary		100.0%

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

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Notes to the quarterly information - ITR at September 30, 2019

In thousands of Reais, except when stated otherwise

Section E – Notes to the quarterly information

5 Cash and cash equivalents

The balance of this account is as follows:

	Parent Company		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Cash and cash equivalents in national currency	192	1,162	10,705	1,858
Cash and cash equivalents in foreign currency	47,065	25,839	47,065	41,273
Total	47,257	27,001	57,770	43,131

6 Investments

6.1 Analysis of investments

	Parent Company					
	September 30, 2019					
	Fair Value through Income		Available for Sale		Average Interest Rate - %	Total
	Value Evaluated by the Curve	Market / book value	Value Evaluated by the Curve	Market / book value		
Fixed Income Securities - Private						
Debentures	14,942	14,942	-	-		14,942
Shares from Exclusive Funds - Fixed Income						
Financial Treasury Bills	-	-	3,233,083	3,232,516	SELIC	3,232,516
Repurchase Agreements	133,261	133,261	47,510	47,510	SELIC	180,771
National Treasury Notes	-	-	69,212	72,424	6.71% a.a.	72,424
Debentures	-	-	71,484	71,517	109.64% CDI	71,517
Financial Bills	-	-	53,662	53,724	105.48% CDI	53,724
Commercial papers	-	-	1,143	1,143	106.75% CDI	1,143
Sovereign Securities	-	-	847,735	848,323	4.88% a.a.	848,323
Others	254	254	(6,816)	(6,816)		(6,562)
Shares from Exclusive Funds - Variable Income						
National Companies Equity Fund	37,981	37,981	-	-		37,981
Repurchase Agreements	564	564	-	-	SELIC	564
Others	315	315	-	-		315
Shares in Non-Exclusive Funds						
Real Estate Funds	37,574	37,574	-	-		37,574
	224,891	224,891	4,317,013	4,320,341		4,545,232
Investments Abroad						
Fixed Income Securities - Private						
American Deposits Receipt	-	-	25,018	7,834		7,834
Fixed Term Deposit Abroad (I)	268,585	268,585	-	-	0.82% a.a.	268,585
Shares in Non-Exclusive Funds						
Shares in Non-Exclusive Investment Funds	16,033	16,033	-	-		16,033
	284,618	284,618	25,018	7,834		292,452
Total	509,509	509,509	4,342,031	4,328,175		4,837,684
%		10.5%		89.5%		100.0%
Current		509,509		110,716		620,225
Non-Current		-		4,217,459		4,217,459

IRB-Brasil Resseguros S.A.

Notes to the quarterly information - ITR at September 30, 2019

In thousands of Reais, except when stated otherwise

6.1 Analysis of investments

Parent Company						
December 31, 2018						
	Fair Value through Income		Available for Sale			
Fixed Income Securities - Listed						
Financial Treasury Bills	1,059,061	1,059,061	25,191	25,192	SELIC	1,084,253
National Treasury Notes	-	-	69,192	68,483		68,483
Fixed Income Securities - Private						
Debentures	13,524	13,524	-	-	105.4% CDI	13,524
Shares from Exclusive Funds - Fixed Income						
Financial Treasury Bills	7,124	7,124	2,626,053	2,626,475		2,633,599
Repurchase Agreements	391,965	391,965	21,528	21,528		413,493
National Treasury Notes	-	-	369,839	375,365		375,365
Financial Bills	-	-	25,828	25,901		25,901
Commercial Notes	-	-	2,506	2,506		2,506
Debentures	-	-	26,282	26,338		26,338
Shares in Fixed Income Funds	-	-	140,486	140,529	-	140,529
Others	182	182	94	94	-	276
Real Estate Funds - Non-Exclusive						
Real Estate Funds	8,213	8,213	-	-	-	8,213
Variable Income Securities						
Shares of national companies	51,437	51,437	-	-	-	51,437
Shares from Exclusive Funds - Variable Income						
Shares of national companies	31,549	31,549	-	-	-	31,549
Repurchase Agreements	420	420	-	-	-	420
Others	519	519	-	-	-	519
	1,563,994	1,563,994	3,306,999	3,312,411		4,876,405
Investments Abroad						
Fixed Income Securities - Listed		-				-
Foreign Debt Securities	51,690	51,690	208,051	197,150	-	248,840
Fixed Income Securities - Private						
American Deposits Receipt	-	-	23,279	6,553	-	6,553
Fixed Income Securities (HSBC)	-	-	31,151	29,875	2.6% p.a.	29,875
Fixed Term Deposit Abroad (i)	640,404	640,404	-	-	2.1% p.a.	640,404
Shares in Non-Exclusive Funds						
Shares in Non-Exclusive Investment Funds	76,878	76,878	-	-		76,878
	768,972	768,972	262,481	233,578		1,002,550
Total	2,332,966	2,332,966	3,569,480	3,545,989		5,878,955
%		39.7%		60.3%		100.0%
Current		2,332,966		218,945		2,551,911
Non-Current		-		3,327,044		3,327,044

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Notes to the quarterly information - ITR at September 30, 2019

In thousands of Reais, except when stated otherwise

6.1 Analysis of investments

	Consolidated					
	September 30, 2019					
	Fair Value through Income		Available for Sale			
	Value Evaluated by the Curve	Market / book value	Value Evaluated by the Curve	Market / book value	Average Interest Rate - %	Total
Fixed Income Securities - Private						
Debentures	14,942	14,942	-	-		14,942
Shares from Exclusive Funds - Fixed Income						
Financial Treasury Bills	-	-	3,233,083	3,232,516	SELIC	3,232,516
Repurchase Agreements	133,477	133,477	47,510	47,510	SELIC	180,987
National Treasury Notes	-	-	69,212	72,424	6.71% a.a.	72,424
Debentures	-	-	71,484	71,517	109.64% CDI	71,517
Financial Bills	-	-	53,662	53,724	105.48% CDI	53,724
Commercial Notes	-	-	1,143	1,143	106.75% CDI	1,143
Sovereign Securities	-	-	847,735	848,323	4.88% a.a.	848,323
Shares in Non-Exclusive Funds						
National Companies Equity Fund	38,527	38,527	-	-		38,527
Repurchase Agreements	376	376	-	-	SELIC	376
Shares in Non-Exclusive Funds						
Shares in Fixed Income Funds	63,932	63,932	-	-		63,932
Real Estate Funds	-	-	31,078	32,033		32,033
	251,254	251,254	4,354,907	4,359,190		4,610,444
Investments Abroad						
Fixed Income Securities - Private						
American Deposits Receipt	-	-	25,018	7,834		7,834
Fixed Term Deposit Abroad (i)	268,585	268,585	-	-		268,585
					0.82% a.a.	
Shares in Non-Exclusive Funds						
Shares in Non-Exclusive Investment Funds	16,033	16,033	-	-		16,033
	284,618	284,618	25,018	7,834	-	292,452
Total	535,872	535,872	4,379,925	4,367,024		4,902,896
%		10.9%		89.1%		100.0%
Current		535,872		117,532		653,404
Non-Current		-		4,249,492		4,249,492

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Notes to the quarterly information - ITR

at September 30, 2019

In thousands of Reais, except when stated otherwise

6.1 Analysis of investments

	Consolidated					
	December 31, 2018					
	Fair Value through Income		Available for Sale			
	Value Evaluated by the Curve	Market / book value	Value Evaluated by the Curve	Market / book value	Average Interest Rate - %	Total
Fixed Income Securities - Listed						
Financial Treasury Bills	1,066,185	1,066,185	25,191	25,192	SELIC	1,091,377
National Treasury Notes	-	-	69,192	68,483	8.48% a.a.	68,483
Fixed Income Securities - Private						
Debentures	13,524	13,524	-	-	105.43% CDI	13,524
Variable Income Securities						
Shares of national companies	51,437	51,437	-	-	-	51,437
Shares from Exclusive Funds - Fixed Income						
Financial Treasury Bills	-	-	2,626,053	2,626,475	SELIC	2,626,475
Repurchase Agreements	392,214	392,214	21,548	21,548		413,762
National Treasury Notes	-	-	369,839	375,365	8.48% a.a.	375,365
Financial Bills	-	-	25,828	25,901	105.1% CDI	25,901
Commercial Notes	-	-	2,506	2,506	2.14% CDI	2,506
Debentures	-	-	26,282	26,338	105.43% CDI	26,338
Shares in Fixed Income Funds	-	-	140,486	140,529		140,529
Real Estate Funds	-	-	29,268	29,094	-	29,094
Shares in Non-Exclusive Funds						
Shares in Fixed Income Funds	38,860	38,860	-	-	-	38,860
Shares from Exclusive Funds - Variable Income						
Shares of national companies	31,549	31,549	-	-	-	31,549
Repurchase Agreements	420	420	-	-	-	420
Shares in Non-Exclusive Funds						
Real Estate Funds	8,213	8,213	-	-		8,213
	1,602,402	1,602,402	3,336,193	3,341,431		4,943,833
Investments Abroad						
Fixed Income Securities - Listed						
Foreign Debt Securities	51,690	51,690	208,051	197,150	5.3% a.a.	248,840
Fixed Income Securities - Private						
American Deposits Receipt	-	-	23,279	6,553	-	6,553
Fixed Income Securities (HSBC)	-	-	31,151	29,875	2.5% a.a.	29,875
Fixed Term Deposit Abroad (i)	640,404	640,404	-	-	2.14% a.a.	640,404
U.S. Treasury Securities Obligations of U.S.	-	-	6,736	6,819	-	6,819
Obligation of U.S. Government Corporations and Agencies	-	-	2,032	2,043	-	2,043
Short-Term Investments	-	-	871	871	-	871
Sec Issued by States & Terr.	-	-	1,018	1,025	-	1,025
Corporate Securities	-	-	4,693	4,721	-	4,721
Shares in Non-Exclusive Funds						
Shares in Non-Exclusive Investment Funds	76,878	76,878	-	-	105.26%	76,878
	768,972	768,972	277,831	249,057		1,018,029
Total	2,371,374	2,371,374	3,614,024	3,590,488		5,961,862
%		39.8%		60.2%		100.0%
Current		2,371,374		224,100		2,595,474
Non-Current		-		3,366,388		3,366,388

(i) Time deposits held abroad

These are time deposits placed with Citibank, with maturities between 12 and 120 days. The investments are denominated in U.S. dollars. Of the time deposits, 56.0% is held as corresponding entry to other securities issued by financial institutions in favor of the Company.

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Notes to the quarterly information - ITR at September 30, 2019

In thousands of Reais, except when stated otherwise

6.1.1 Analysis of investments by type and maturity date

	Parent Company				
	September 30, 2019				
	Without Maturity	From 1 to 180 days	From 181 to 365 days	Over 365 days	Total
Fair Value through Income					
Fixed Income Securities - Private					
Debentures	14,942	-	-	-	14,942
Shares from Exclusive Funds - Fixed Income					
Repurchase Agreements	-	133,261	-	-	133,261
Others	254	-	-	-	254
Shares from Exclusive Funds - Variable Income					
National Companies Equity Fund	37,981	-	-	-	37,981
Repurchase Agreements	-	564	-	-	564
Others	315	-	-	-	315
Real Estate Funds - Non-Exclusive					
Real Estate Funds	37,574	-	-	-	37,574
Investments Abroad					
Fixed Income Securities - Private					
Fixed Term Deposit Abroad	-	268,585	-	-	268,585
Shares in Non-Exclusive Investment Funds					
Shares in Non-Exclusive Investment Funds	16,033	-	-	-	16,033
	107,099	402,410	-	-	509,509
Available for Sale					
Shares from Exclusive Funds - Fixed Income					
Financial Treasury Bills	-	27,157	6,226	3,199,133	3,232,516
Repurchase Agreements	-	47,510	-	-	47,510
National Treasury Notes	-	-	-	72,424	72,424
Debentures	-	-	2,156	69,361	71,517
Financial Bills	-	-	26,649	27,075	53,724
Commercial papers	-	-	-	1,143	1,143
Sovereign Debt Securities	-	-	-	848,323	848,323
Others	(6,816)	-	-	-	(6,816)
Investments Abroad					
Fixed Income Securities - Private					
American Deposits Receipt	7,834	-	-	-	7,834
	1,018	74,667	35,031	4,217,459	4,328,175
Total					4,837,684

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Notes to the quarterly information - ITR at September 30, 2019

In thousands of Reais, except when stated otherwise

6.1.1 Analysis of investments by type and maturity date

	Parent Company				
	December 31, 2018				
	Without Maturity	From 1 to 180 days	From 181 to 365 days	Over 365 days	Total
Fair Value through Income					
Fixed Income Securities - Listed					
Financial Treasury Bills	-	-	-	1,059,061	1,059,061
Fixed Income Securities - Private					
Debentures	13,524	-	-	-	13,524
Shares from Exclusive Funds - Fixed Income					
Financial Treasury Bills	-	7,124	-	-	7,124
Repurchase Agreements	-	391,965	-	-	391,965
Others	182	-	-	-	182
Shares from Exclusive Funds - Variable Income					
Shares of national companies	31,549	-	-	-	31,549
Repurchase Agreements	-	420	-	-	420
Others	519	-	-	-	519
Real Estate Funds - Non-Exclusive					
Real Estate Funds	8,213	-	-	-	8,213
Variable Income Securities					
Shares of national companies	51,437	-	-	-	51,437
Investments Abroad					
Fixed Income Securities - Listed					
Public Debt Securities	-	51,690	-	-	51,690
Fixed Income Securities - Private					
Fixed Term Deposit Abroad (i)	-	640,404	-	-	640,404
Shares in Non-Exclusive Funds					
Shares in Non-Exclusive Investment Funds	76,878	-	-	-	76,878
	182,302	1,091,603	-	1,059,061	2,332,966
Available for Sale					
Fixed Income Securities - Listed					
Financial Treasury Bills	-	-	25,192	-	25,192
National Treasury Notes	-	-	-	68,483	68,483
Shares from Exclusive Funds - Fixed Income					
Financial Treasury Bills	-	-	13,273	2,613,202	2,626,475
Debentures	-	-	-	26,338	26,338
Repurchase Agreements	-	21,528	-	-	21,528
National Treasury Notes	-	-	-	375,365	375,365
Shares Exclusive Funds	140,529	-	-	-	140,529
Financial Bills	-	-	-	25,901	25,901
Commercial Note	-	2,506	-	-	2,506
Others	94	-	-	-	94
Investments Abroad					
Fixed Income Securities - Listed					
Sovereign Debt Securities	-	-	-	197,150	197,150
Fixed Income Securities - Private					
American Deposits Receipt	6,553	-	-	-	6,553
Fixed Income Securities (HSBC)	-	5,674	3,596	20,605	29,875
	147,176	29,708	42,061	3,327,044	3,545,989
Total					5,878,955

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Notes to the quarterly information - ITR

at September 30, 2019

In thousands of Reais, except when stated otherwise

6.1.1 Analysis of investments by type and maturity date

	Consolidated				
	September 30, 2019				
	Without Maturity	From 1 to 180 days	From 181 to 365 days	Over 365 days	Total
Fair Value through Income					
Fixed Income Securities - Private					
Debentures	14,942	-	-	-	14,942
Shares from Exclusive Funds - Fixed Income					
Repurchase Agreements	-	133,477	-	-	133,477
Variable Income Securities					
National Companies Equity Fund	38,527	-	-	-	38,527
Repurchase Agreements	-	376	-	-	376
Shares in Non-Exclusive Funds					
Shares in Fixed Income Funds	63,932	-	-	-	63,932
Investments Abroad					
Fixed Income Securities - Private					
Fixed Term Deposit Abroad	-	268,585	-	-	268,585
Shares in Non-Exclusive Funds					
Shares in Non-Exclusive Investment Funds	16,033	-	-	-	16,033
	133,434	402,438	-	-	535,872
Available for Sale					
Shares from Exclusive Funds - Fixed Income					
Financial Treasury Bills	-	27,157	6,226	3,199,133	3,232,516
Repurchase Agreements	-	47,510	-	-	47,510
National Treasury Notes	-	-	-	72,424	72,424
Debentures	-	-	2,156	69,361	71,517
Financial Bills	-	-	26,649	27,075	53,724
Commercial Notes	-	-	-	1,143	1,143
Sovereign Securities	-	-	-	848,323	848,323
Shares in Non-Exclusive Funds					
Real Estate Funds	-	-	-	32,033	32,033
Investments Abroad					
Fixed Income Securities - Private					
American Deposits Receipt	7,834	-	-	-	7,834
Total	7,834	74,667	35,031	4,249,492	4,367,024
					4,902,896

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6.1.1 Analysis of investments by type and maturity date

	Consolidated				
	December 31, 2018				
	Without Maturity	From 1 to 180 days	From 181 to 365 days	Over 365 days	Total
Fair Value through Income					
Fixed Income Securities - Listed					
Financial Treasury Bills	-	-	-	1,059,061	1,059,061
Fixed Income Securities - Private					
Debentures	13,524	-	-	-	13,524
Variable Income Securities					
Shares of national companies	51,437	-	-	-	51,437
Shares from Exclusive Funds - Fixed Income					
Financial Treasury Bills	-	7,124	-	-	7,124
Repurchase Agreements	-	392,214	-	-	392,214
Shares in Non-Exclusive Investment Funds					
Shares in Fixed Income Funds	38,860	-	-	-	38,860
Real Estate Funds	8,213	-	-	-	8,213
Shares from Exclusive Funds - Variable Income					
Shares of national companies	31,549	-	-	-	31,549
Repurchase Agreements	-	420	-	-	420
Investments Abroad					-
Fixed Income Securities - Listed					-
Debt Securities	-	51,690	-	-	51,690
Fixed Income Securities - Private					
Shares in Non-Exclusive Investment Funds	76,878	-	-	-	76,878
Fixed Term Deposit Abroad	-	640,404	-	-	640,404
	220,461	1,091,852	-	1,059,061	2,371,374
Available for Sale					
Fixed Income Securities - Listed					
Financial Treasury Bills	-	-	25,192	-	25,192
National Treasury Notes	-	-	-	68,483	68,483
Shares from Exclusive Funds - Fixed Income					
Financial Treasury Bills	-	-	13,273	2,613,202	2,626,475
Debentures	-	-	-	26,338	26,338
Repurchase Agreements	-	21,548	-	-	21,548
National Treasury Notes	-	-	-	375,365	375,365
Shares in Exclusive Funds	140,529	-	-	-	140,529
Financial Bills	-	-	-	25,901	25,901
Commercial Note	-	2,506	-	-	2,506
Real Estate Funds	-	-	-	29,094	29,094
Investments Abroad					
Fixed Income Securities - Listed					
Debt Securities	-	-	-	197,150	197,150
Fixed Income Securities - Private					
American Deposits Receipt	6,553	-	-	-	6,553
Fixed Income Securities (HSBC)	-	5,674	3,596	20,605	29,875
U.S. Treasury Securities Obligations of U.S.	-	1,795	462	4,562	6,819
Obligation of U.S. Government Corporations and Agencies	-	294	383	1,366	2,043
Short-Term Investments	-	871	-	-	871
Sec Issued by States & Terr.	-	116	212	697	1,025
Corporate Securities	-	1,096	-	3,625	4,721
	147,082	33,900	43,118	3,366,388	3,590,488
Total					5,961,862

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Notes to the quarterly information - ITR at September 30, 2019

In thousands of Reais, except when stated otherwise

6.2 Changes in financial investments

Parent Company				
	Fair value through profit (loss)	Available for Sale	Held to Maturity	Total
Balances on December 31, 2017	1,100,111	4,273,114	285,733	5,658,958
Investments	10,493,347	2,563,032	-	13,056,379
Redemption Income	(33,268)	(451,570)	(88,770)	(573,608)
Main redemption	(9,329,548)	(3,112,878)	(199,670)	(12,642,096)
Financial Income	64,696	248,303	2,707	315,706
Adjustment to Market Value	-	16,118	-	16,118
Exchange Rate Changes	17,396	9,870	-	27,266
Others	20,232	-	-	20,232
Balances on December 31, 2018	2,332,966	3,545,989	-	5,878,955
	Fair value through profit (loss)	Available for Sale	Held to Maturity	Total
Balances on December 31, 2018	2,332,966	3,545,989	-	5,878,955
Investments	5,755,525	3,222,087	-	8,977,612
Redemption Income	(33,355)	(146,190)	-	(179,545)
Main redemption	(7,579,377)	(2,525,375)	-	(10,104,752)
Financial Income	51,790	198,499	-	250,289
Adjustment to Market Value	-	9,634	-	9,634
Exchange Rate Changes	(37,213)	23,531	-	(13,682)
Others	19,173	-	-	19,173
Balances on September 30, 2019	509,509	4,328,175	-	4,837,684

Consolidated				
	Fair value through profit (loss)	Available for Sale	Held to Maturity	Total
Balances on December 31, 2017	1,194,064	4,336,265	285,733	5,816,062
Investments	10,763,798	2,566,275	-	13,330,073
Redemption Income	(32,993)	(451,570)	(88,770)	(573,333)
Main redemption	(9,672,457)	(3,118,883)	(199,670)	(12,991,010)
Financial Income	81,334	231,740	2,707	315,781
Adjustment to Market Value	-	16,118	-	16,118
Exchange Rate Changes	17,396	10,543	-	27,939
Others	20,232	-	-	20,232
Balances on December 31, 2018	2,371,374	3,590,488	-	5,961,862
	Fair value through profit (loss)	Available for Sale	Held to Maturity	Total
Balances on December 31, 2018	2,371,374	3,590,488	-	5,961,862
Investments	6,005,709	3,222,087	-	9,227,796
Redemption Income	(33,355)	(146,190)	-	(179,545)
Main redemption	(7,794,500)	(2,525,375)	-	(10,319,875)
Financial Income	23,857	192,849	-	216,706
Adjustment to Market Value	-	9,634	-	9,634
Exchange Rate Changes	(37,213)	23,531	-	(13,682)
Balances on September 30, 2019	535,872	4,367,024	-	4,902,896

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7 Credits for reinsurance and retrocession transactions

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

7.1 Analysis

	Parent Company		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Current				
Operations with insurers (7.2)	3,736,334	3,327,272	3,736,334	3,327,272
Operations with reinsurers (7.2)	1,339,714	1,304,416	1,339,714	1,304,416
Other operating credits	153,142	56,569	153,142	56,668
Provision for doubtful debts	(38,070)	(36,274)	(38,070)	(36,274)
	5,191,120	4,651,983	5,191,120	4,652,082

7.2 Changes

The Company has reinsurance contracts whose premiums are recorded based on an estimated basis (Estimated Premium and RVNE Premium) or on an effective basis (Effective Premiums). Proportional contracts are issued based on estimates (Estimated Premiums) and adjusted after the receipt of the assignor's accounts, when the Estimated Premium is reversed against the Effective Premium. Non-proportional contracts have a minimum premium (Effective Premiums), which may be adjusted later. Optional contracts are recorded based on the amounts agreed between the parties (Effective Premiums).

Proportional contracts are settled, and premiums are received after assignors submit the accounts to the Company, based on the term agreed between them.

The amounts received from the assignors related to credits not fully written off (reconciliation) are recorded under "Deposits from Third Parties", as per Note 8. For proportional contracts, the amounts received and recorded under this line are net of commission and claims.

	Parent Company and Consolidated					
	Effective Premium	Estimated Premium	RVNE Premium	Claims	Other credits	Total
Balances on December 31, 2017	1,282,152	1,234,726	352,740	373,082	65,161	3,307,861
Written premiums	5,588,298	1,321,325	54,245	-	-	6,963,868
Commission written	(663,965)	(277,597)	15,739	-	-	(925,823)
Premium received	(5,528,840)	-	-	-	-	(5,528,840)
Commission payments	712,134	-	-	-	-	712,134
Saved, reimbursed and prepaid to settle claims	-	-	-	90,562	-	90,562
Exchange rate change	7,118	131,631	35,289	5,786	-	179,824
Other credits	(115,918)	-	-	13,181	(8,592)	(111,329)
Balances on December 31, 2018	1,280,979	2,410,085	458,013	482,611	56,569	4,688,257

	Parent Company and Consolidated					
	Effective Premium	Estimated Premium	RVNE Premium	Claims	Other credits	Total
Balances on December 31, 2018	1,280,979	2,410,085	458,013	482,611	56,569	4,688,257
Written premiums (a)	6,810,837	(394,809)	971	-	-	6,416,999
Commission written	(928,562)	-	-	-	-	(928,562)
Premium received	(5,362,843)	-	-	-	-	(5,362,843)
Commission payments	387,903	78,268	2,128	-	-	468,299
Saved, reimbursed and prepaid to settle claims	-	-	-	(334,201)	-	(334,201)
Exchange rate change	66,323	103,407	21,707	(7,122)	698	185,013
Other credits	(9,534)	-	-	9,887	95,875	96,228
Balance on September 30, 2019	2,245,103	2,196,951	482,819	151,175	153,142	5,229,190

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(a) Refers to Note 3.2 Statements of incomes – Business vision, under Premium written.

7.3 Aging of credits for reinsurance and retrocession transactions

The credit aging analysis of reinsurance and retrocession operations is presented below:

Parent Company and Consolidated					
September 30, 2019					
Aging	Credit of operations	Payable of operations	Net Credit from Operations	Provision for credit risks	Total
Falling due	4,467,387	(1,591,258)	2,876,129	(28,380)	2,847,749
Overdue	761,803	(223,532)	538,271	(9,690)	528,581
Past due within 30 days	188,562	(82,060)	106,502	(2,055)	104,447
Overdue between 31 and 90 days	285,797	(17,490)	268,307	(2,843)	265,464
Overdue between 91 and 180 days	152,822	(45,238)	107,584	(1,034)	106,550
Overdue over 181 days	134,622	(78,744)	55,878	(3,758)	52,120
Total	5,229,190	(1,814,790)	3,414,400	(38,070)	3,376,330

A provision of R\$37,857 has been set up to cover doubtful debts in accounts payable and receivable, overdue and not yet maturing, for a total of R\$3,126,666 in the parent company and consolidated accounts, considering the history of defaults by clients. The provision is calculated according to the Company's own methodology, by segregating business partners into Brazilian operators, foreign operators and related parties, and ratings classifications based on the history of payments, clients with liabilities not yet settled and special treatment for clients engaged in negotiations.

8 Third-party deposits

Below is a breakdown of the account's balance by age of the deposit.

Parent Company and Consolidated		
	September 30, 2019	December 31, 2018
Up to 30 days	53,566	220,202
Between 31 and 60 days	47,724	38,756
Between 61 and 120 days	32,682	121,778
Between 121 and 180 days	25,256	31,698
Between 181 and 365 days	17,551	14,991
	176,779	427,425

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In thousands of Reais, except when stated otherwise

9 Retrocession assets – technical provisions

9.1 Claims – retrocession (analysis)

Outstanding claims and claims incurred but not reported are as follows:

	Parent Company and Consolidated			
	September 30, 2019			
	Claims pending payment	Claims Pending Payment in Court Dispute	Incurred but not reported	Total
Aviation	222,480	4,832	79,249	306,561
Motor	3,905	-	4,066	7,971
Mortgage	53	-	12	65
Marine	24,858	275	4,333	29,466
Nuclear	-	-	-	-
Property	861,450	58,433	214,546	1,134,429
Life	15,936	339	9,688	25,963
Oil & Gas	205,735	-	10,803	216,538
Liabilities	157,279	5,579	46,793	209,651
Financial risks	48,723	1,357	20,689	70,769
Agriculture	394,910	1,183	105,850	501,943
Cargo	56,975	63	22,982	80,020
Abroad	152,681	-	75,275	227,956
Total	2,144,985	72,061	594,286	2,811,332

	Parent Company			
	December 31, 2018			
	Claims pending payment	Claims Pending Payment in Court Dispute	Incurred but not reported	Total
Aviation	250,544	10,835	81,577	342,956
Motor	1,718	37	10,903	12,658
Mortgage	139	-	7	146
Marine	23,862	1,259	4,820	29,941
Nuclear	33	-	-	33
Property	707,140	75,614	143,454	926,208
Life	13,186	1,448	10,589	25,223
Oil & Gas	62,216	301	7,974	70,491
Liabilities	186,287	22,691	68,647	277,625
Financial risks	54,816	5,411	30,009	90,236
Agriculture	21,832	4,066	4,428	30,326
Cargo	188,918	381	26,099	215,398
Abroad	74,096	-	21,607	95,703
Total	1,584,787	122,043	410,114	2,116,944

	Consolidated			
	December 31, 2018			
	Claims pending payment	Claims Pending Payment in Court Dispute	Incurred but not reported	Total
Aviation	250,544	10,835	81,577	342,956
Motor	1,718	37	10,903	12,658
Mortgage	139	-	7	146
Marine	23,862	1,259	4,820	29,941
Nuclear	33	-	-	33
Property	707,140	75,614	143,454	926,208
Life	13,186	1,448	10,589	25,223
Oil & Gas	62,216	301	7,974	70,491
Liabilities	186,287	22,691	68,647	277,625
Financial risk	54,816	5,411	30,009	90,236
Agriculture	21,832	4,066	4,428	30,326
Cargo	188,918	381	26,099	215,398
Abroad	74,513	-	21,207	95,720
Total	1,585,204	122,043	409,714	2,116,961

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Notes to the quarterly information - ITR at September 30, 2019

In thousands of Reais, except when stated otherwise

9.1.1 Changes

	Parent Company		
	Claims pending payment	Incurred but not reported	Total
Balances on December 31, 2017	1,884,142	539,531	2,423,673
Claim settlement	(1,109,325)	(212,238)	(1,321,563)
Incorporation of provision for claims	932,013	82,821	1,014,834
Balances on December 31, 2018	1,706,830	410,114	2,116,944

	Claims pending payment	Incurred but not reported	Total
Balances on December 31, 2018	1,706,830	410,114	2,116,944
Incorporation of provision for claims	1,760,906	277,065	2,037,971
Reversal of provision for claims	(564,195)	(111,016)	(675,211)
Claim recovery	(794,132)	-	(794,132)
Exchange rate change	107,637	18,123	125,760
Balances on September 30, 2019	2,217,046	594,286	2,811,332

	Consolidated		
	Claims pending payment	Incurred but not reported	Total
Balances on December 31, 2017	1,913,400	539,156	2,452,556
Claim settlement	(1,138,166)	(212,238)	(1,350,404)
Incorporation of provision for claims	932,013	82,796	1,014,809
Balances on December 31, 2018	1,707,247	409,714	2,116,961

	Claims pending payment	Incurred but not reported	Total
Balances on December 31, 2018	1,707,247	409,714	2,116,961
Incorporation of provision for claims	1,760,906	277,065	2,037,971
Reversal of provision for claims	(564,612)	(110,616)	(675,228)
Claim recovery	(794,132)	-	(794,132)
Exchange rate change	107,637	18,123	125,760
Balances on September 30, 2019	2,217,046	594,286	2,811,332

9.2 Deferred retrocession premiums

	Parent Company and Consolidated						
	September 30, 2019						
	Provision for Unearned Premiums			Deferred Reinsurance Commission			Total
	Effective	Estimated	RVNE	Effective	Estimated	RVNE	
Aviation	7,706	1,410	637	(571)	(186)	(22)	8,974
Motor	2,685	1,406	-	(35)	(18)	-	4,038
Mortgage	184	37	7	-	(1)	-	227
Marine	17,333	1,031	3,738	(814)	(50)	(157)	21,081
Nuclear	18,840	-	1,261	(1,430)	-	(102)	18,569
Property	343,512	68,946	43,580	(12,017)	(6,943)	(1,984)	435,094
Life	17,500	8,836	978	(495)	(301)	(74)	26,444
Oil & Gas	269,971	2,173	28,556	(6,357)	(109)	(1,013)	293,221
Liabilities	61,678	36,194	2,262	(2,767)	(8,527)	(139)	88,701
Financial risks	2,488	6,089	1,826	(124)	(1,191)	(108)	8,980
Agriculture	2,040	4,471	444	(544)	(46)	(43)	6,322
Cargo	22,350	27,922	9,197	(1,760)	(3,016)	(2,008)	52,685
Abroad	73,373	4,828	884	(283)	(231)	(85)	78,486
Total	839,660	163,343	93,370	(27,197)	(20,619)	(5,735)	1,042,822
Current							997,905
Non-Current							44,917

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In thousands of Reais, except when stated otherwise

9.2 Deferred retrocession premiums

Parent Company and Consolidated							
December 31, 2018							
	Provision for Unearned Premiums			Deferred Reinsurance Commission			Total
	Effective	Estimated	RVNE	Effective	Estimated	RVNE	
Aviation	26,477	4,426	418	(89)	(41)	(12)	31,179
Motor	2,967	1,311	-	(38)	(17)	-	4,223
Mortgage	-	31	-	-	-	-	31
Marine	20,768	4,384	2,229	(909)	(248)	(97)	26,127
Nuclear	13,491	-	1,432	(1,012)	-	(107)	13,804
Property	349,555	58,152	33,117	(11,383)	(5,663)	(1,559)	422,219
Life	10,558	4,425	1,432	(987)	(1,648)	(88)	13,692
Oil & Gas	170,321	7,230	23,862	(5,996)	(185)	(1,088)	194,144
Liabilities	44,720	28,402	1,646	(3,021)	(2,266)	(105)	69,376
Financial risks	14,812	-	1,721	(93)	-	(102)	16,338
Agriculture	19,542	139	1,122	(405)	(50)	(194)	20,154
Cargo	22,792	16,849	12,358	(1,941)	(1,941)	(2,914)	45,203
Abroad	98,689	3,018	1,805	(1,244)	(701)	(112)	101,455
Total	794,692	128,367	81,142	(27,118)	(12,760)	(6,378)	957,945
Current							929,100
Non-Current							28,845

9.2.1 Changes

Parent Company and Consolidated							
	Provision for Unearned Premiums			Deferred Reinsurance Commission			Total
	Effective	Estimated	RVNE	Effective	Estimated	RVNE	
Balances on December 31, 2017	671,527	151,342	80,405	(24,469)	(11,893)	(6,619)	860,293
Incorporation	437,824	117,686	10,370	(14,551)	(15,141)	(197)	535,991
Deferral by risk	(379,599)	(143,342)	(16,070)	14,074	14,507	888	(509,542)
Exchange rate change	64,940	2,681	6,437	(2,172)	(233)	(450)	71,203
Balances on December 31, 2018	794,692	128,367	81,142	(27,118)	(12,760)	(6,378)	957,945
	Effective	Estimated	RVNE	Effective	Estimated	RVNE	Total
	Effective	Estimated	RVNE	Effective	Estimated	RVNE	
Balances on December 31, 2018	794,692	128,367	81,142	(27,118)	(12,760)	(6,378)	957,945
Incorporation (a)	501,287	159,849	11,683	(13,056)	(13,415)	(140)	646,208
Deferral by risk (a)	(495,472)	(125,674)	(3,103)	13,932	5,526	1,015	(603,776)
Exchange rate change	39,154	801	3,648	(956)	30	(232)	42,445
Balances on September 30, 2019	839,661	163,343	93,370	(27,198)	(20,619)	(5,735)	1,042,822

(a) Refers to Note 3.3 Statements of incomes – Reconciliation, under Changes in technical provisions – premium assigned and Change in technical provisions – commission assigned.

9.3 Other technical provisions

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

Parent Company and Consolidated		
	September 30, 2019	December 31, 2018
Aviation	1,134	2,117
Motor	207	5
Marine	-	2
Property	2,344	2,166
Life	884	6
Oil & Gas	3	1
Liabilities	752	1,926
Financial risks	1,840	2,935
Agriculture	1,433	21
Cargo	530	367
Abroad	560	-
Total	9,687	9,546

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10 Bills and credits receivable

	Parent Company		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Current				
Amounts receivable from shareholding	27,566	23,200	234,386	31,918
Amounts receivable from court settlements	4,481	4,200	4,481	4,200
Advance to suppliers	333	1,450	334	1,450
Advance to employees	2,849	849	2,900	849
Others	878	987	19,254	1,699
Total current	36,107	30,686	261,355	40,116
Non-Current				
Amounts receivable from Caixa Econômica Federal	16,083	16,098	16,083	16,098
Amounts receivable from court settlements	4,396	4,200	4,396	4,200
Amounts receivable from Previb	222,126	160,988	222,126	160,988
Amounts receivable from settlements	45,947	42,752	58,718	55,720
Total noncurrent	288,552	224,038	301,323	237,006
	324,659	254,724	562,678	277,122

11 Tax and social security credits

11.1 Tax and social security credits

	Parent Company	
	September 30, 2019	December 31, 2018
Current		
Overpaid Contributions and Taxes to be Recovered (*)	68,039	66,017
Withholding Income Tax	73	72
Taxes to offset/recover	97,829	3,967
	165,941	70,056
Non-Current		
Overpaid Contributions and Taxes to be Recovered	42,455	38,715
Tax Credits on Temporary Differences (**)	385,118	419,754
	427,573	458,469
	593,514	528,525

	Consolidated	
	September 30, 2019	December 31, 2018
Current		
Overpaid contributions and taxes to be recovered (*)	68,039	66,017
Withholding income tax	1,526	1,603
Taxes to offset/recover	97,983	3,967
	167,548	71,587
Non-Current		
Overpaid contributions and taxes to be recovered	35,829	38,643
Tax credits on temporary differences (**)	257,813	386,215
	293,642	424,858
	461,190	496,445

(*) Refer to overpayments of PIS (R\$68,026) and COFINS from a broadening of the tax base claim, which was finally decided on October 29, 2013, and a request for reimbursement filed on December 19, 2013. Only credits for which there is no doubt or for which no dispute exists as to the calculation basis are included.

These credits have been used by the Company to settle monthly direct tax debits (PIS and COFINS).

(**) Provisional Measure 675 of May 21, 2015, increased the rate for Social Contribution tax to 20.0% for the period from September 1, 2015 to December 31, 2018. On January 1, 2019, the rate returned to 15.0%.

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at September 30, 2019**

In thousands of Reais, except when stated otherwise

11.1.1 Tax credits on temporary differences

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

	Parent Company			
	September 30, 2019		December 31, 2018	
	Income Tax	Social Contribution	Income Tax	Social Contribution
Non-Current				
Provisions for labor lawsuits and post-employment benefit (a)	475,466	475,466	451,883	451,883
Provision for profit sharing	29,274	29,274	13,776	13,776
Provision for doubtful debts (b)	96,935	96,935	205,979	205,979
Provision for tax and social security contingencies (c)	190,537	190,537	178,073	178,073
Adjustment to market value - Securities available for sale	13,857	13,857	23,491	23,491
Actuarial gains and losses - Post-employment benefits	(36,485)	(36,485)	(31,432)	(31,432)
Provision for labor contingencies (c)	62,598	62,598	58,215	58,215
Adjustment to market value - Investment	(13,007)	(13,007)	5,351	5,351
Restatement of court deposits - Tax/labor lawsuits	(246,856)	(246,856)	(227,897)	(227,897)
Other provisions (*)	387,833	394,880	368,957	376,925
Calculation basis	960,152	967,199	1,046,396	1,054,364
Current nominal rate	25.0%	15.0%	25.0%	15.0%
Temporary differences tax credit	240,038	145,080	261,599	158,155

	Consolidated			
	September 30, 2019		December 31, 2018	
	Income Tax	Social Contribution	Income Tax	Social Contribution
Non-Current				
Provisions for labor lawsuits and post-employment benefit (a)	475,466	475,466	451,883	451,883
Provision for profit sharing	29,274	29,274	13,776	13,776
Provision for doubtful debts (b)	96,935	96,935	205,979	205,979
Provision for tax and social security contingencies (c)	190,537	190,537	178,073	178,073
Adjustment to market value - Securities available for sale	(358,652)	(358,652)	(75,153)	(75,153)
Actuarial gains and losses - Post-employment benefits	(36,485)	(36,485)	(31,432)	(31,432)
Provision for labor contingencies (c)	62,598	62,598	58,215	58,215
Adjustment to market value - Investment	(13,007)	(13,007)	5,351	5,351
Restatement of court deposits - Tax/labor lawsuits	(246,856)	(246,856)	(227,897)	(227,897)
Other provisions (*)	387,833	394,879	368,957	376,925
Calculation basis	587,643	594,689	947,752	955,720
Current nominal rate	25.0%	15.0%	25.0%	15.0%
Temporary differences tax credit	146,911	110,902	236,938	149,277

(*) Plus deferred tax asset as per article 38 of Normative Instruction 1,520 of 2014.

In 2017, deferred income and social contribution tax credits arising from temporary differences were calculated at the rates of 25.0% and 20.0%, respectively. For temporary differences to be realized on or after January 1, 2019, the Company uses a rate of 15.0% to calculate deferred social contribution tax.

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

(b) The realization of tax credits on the allowance for doubtful accounts is related to the expected administrative or judicial recovery of the credit, or Management's decision to write them off as a loss.

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

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12 Deferred acquisition costs

	Parent Company and Consolidated							
	September 30, 2019				December 31, 2018			
	Effective	Estimated	RVNE	Total	Effective	Estimated	RVNE	Total
Aviation	2,641	78	398	3,117	1,454	99	243	1,796
Motor	78	52	67	197	79	9	59	147
Mortgage	275	32	82	389	78	16	56	150
Marine	3,650	28	1,172	4,850	1,879	3	988	2,870
Property	15,780	1,109	2,458	19,347	8,356	1,098	2,062	11,516
Life	209	87	293	589	863	16	449	1,328
Oil & Gas	9,111	-	1,544	10,655	5,493	-	1,653	7,146
Liabilities	1,616	66	332	2,014	1,742	68	214	2,024
Financial risks	482	314	29	825	587	297	27	911
Agriculture	277	590	167	1,034	271	375	176	822
Cargo	2,558	136	2,809	5,503	3,597	158	3,000	6,755
Abroad	34,067	12,083	6,529	52,679	18,386	9,237	7,206	34,829
Total	70,744	14,575	15,880	101,199	42,785	11,376	16,133	70,294

13 Investment properties and operational assets at IRB Investimentos e Participações Imobiliárias

	Parent Company	
	Shopping Malls	Total
Gross Cost of Income Real Estate		
Balance on December 31, 2017	7,879	7,879
Balance on December 31, 2018	7,879	7,879
Accumulated Depreciation		
Balance on December 31, 2017	(2,048)	(2,048)
Depreciation	(316)	(316)
Balance on December 31, 2018	(2,364)	(2,364)
Book Balance, Net	5,515	5,515
Gross Cost of Income Real Estate		
Balance on December 31, 2018	7,879	7,879
Balance on September 30, 2019	7,879	7,879
Accumulated Depreciation		
Balance on December 31, 2018	(2,364)	(2,364)
Depreciation	(236)	(236)
Balance on September 30, 2019	(2,600)	(2,600)
Book Balance, Net	5,279	5,279

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Notes to the quarterly information - ITR at September 30, 2019

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13 Investment properties and operational assets at IRB Investimentos e Participações Imobiliárias

	Consolidated			
	Lands	Buildings	Shopping Malls	Total
Gross Cost of Income Real Estate				
Balance on December 31, 2017	16,447	2,337	482,620	501,404
Acquisition	-	15,858	85,350	101,208
Disposal	-	(1,520)	-	(1,520)
Balance on December 31, 2018	16,447	16,675	567,970	601,092
Accumulated Depreciation				
Balance on December 31, 2017	-	(764)	(23,649)	(24,413)
Depreciation	-	(8)	(3,299)	(3,307)
Disposal	-	-	(371)	(371)
Balance on December 31, 2018	-	(772)	(27,319)	(28,091)
Book Balance, Net	16,447	15,903	540,651	573,001
Gross Cost of Income Real Estate				
Balance on December 31, 2018	16,447	16,675	567,970	601,092
Acquisition	-	-	11,040	11,040
Spin-off	-	-	(30,496)	(30,496)
Financial assets of IRB Investimentos e Participações Imobiliárias S.A.	-	-	203,863	203,863
Balance on September 30, 2019	16,447	16,675	752,377	785,499
Accumulated Depreciation				
Balance on December 31, 2018	-	(772)	(27,319)	(28,091)
Depreciation	-	(9)	(8,230)	(8,239)
Spin-off	-	-	6,178	6,178
Balance on September 30, 2019	-	(781)	(35,549)	(30,152)
Book Balance, Net	16,447	15,894	716,828	755,347

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(a) Below is a breakdown of investments in shopping malls, with the percentage holdings of IRB Investimentos e Participações Imobiliárias S.A. and improvements completed during the quarter ended September 30, 2019:

	Percentage Investment	Improvements carried out	
		September 30, 2019	December 31, 2018
		Improvements carried out	Improvements carried out
Park Shopping - Brasília	20.0%	31,527	14,821
Esplanada - Sorocaba	15.0%	257	207
Praia de Belas - Porto Alegre	20.0%	432	927
Minas Shopping - Belo Horizonte	19.0%	-	1,379
Shopping Barra - Salvador	20.0%	53	-
Book Balance of Improvements in Active Shopping Malls		32,269	17,334
Depreciation of improvements			
Park Shopping - Brasília		(8,049)	(3,798)
Book Balance of Improvements in Active Shopping Malls, Net		24,220	13,536

Investments in shopping malls, with a market value of R\$1,107,445 on September 30, 2019, are recorded at cost. The Company estimates the cash flow from these investments annually and makes provisions for losses when necessary.

The present value of minimum commercial leasing payments receivable by the Company is as follows:

	September 30, 2019	December 31, 2018
Up to one year	37,546	41,928
Between two and five years	131,705	140,353
Over five years	107,172	124,062
Total	276,423	306,343

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14 Property and equipment

						Parent Company		
	Lands and buildings	Data Processing Equipment	Telecommunication Equipment	Furniture Machinery and Utensils	Other Fixed Assets	Vehicles	Right of Use (*)	Total
Gross cost of Property and Equipment								
Balance on December 31, 2017	62,362	56,979	3,586	6,428	4,976	115	-	134,446
Additions	128	2,568	450	87	3,760	81	-	7,074
Write-Offs	-	(103)	-	(91)	-	-	-	(194)
Transfers	1,366	-	643	3,077	(5,086)	-	-	-
Balance on December 31, 2018	63,856	59,444	4,679	9,501	3,650	196	-	141,326
Accumulated Depreciation								
Balance on December 31, 2017	(10,984)	(40,723)	(2,356)	(2,492)	(545)	(36)	-	(57,136)
Depreciation	(2,316)	(5,899)	(684)	(572)	(514)	(38)	-	(10,023)
Write-Offs	-	103	-	-	-	-	-	103
Balance on December 31, 2018	(13,300)	(46,519)	(3,040)	(3,064)	(1,059)	(74)	-	(67,056)
Book balances, net	50,556	12,925	1,639	6,437	2,591	122	-	74,270
Gross cost of Property and Equipment								
Balance on December 31, 2018	63,856	59,444	4,679	9,501	3,650	196	-	141,326
Additions	24	1,745	105	343	2,803	-	14,237	19,257
Write-Offs	-	(30)	-	(70)	-	-	-	(100)
Transfers	93	65	-	325	(483)	-	-	-
Spin-off	-	-	-	-	-	(115)	-	(115)
Balance on September 30, 2019	63,973	61,224	4,784	10,099	5,970	81	14,237	160,368
Accumulated Depreciation								
Balance on December 31, 2018	(13,300)	(46,519)	(3,040)	(3,064)	(1,059)	(74)	-	(67,056)
Depreciation	(1,783)	(3,896)	(696)	(688)	(386)	(38)	(1,542)	(9,029)
Write-Offs	-	-	-	8	-	-	-	8
Spin-off	-	-	-	-	-	69	-	69
Balance on September 30, 2019	(15,083)	(50,415)	(3,736)	(3,744)	(1,445)	(43)	(1,542)	(76,008)
Book balances, net	48,890	10,809	1,048	6,355	4,525	38	12,695	84,360

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14 Property and equipment

						Consolidated		
	Lands and buildings	Data Processing Equipment	Telecommunication Equipment	Furniture Machinery and Utensils	Other Fixed Assets	Vehicles	Right of Use (*)	Total
Gross cost of Property and Equipment								
Balance on December 31, 2017	62,362	56,979	3,586	6,430	5,049	115	-	134,521
Additions	128	2,568	450	91	3,760	81	-	7,078
Write-Offs	-	(103)	-	(86)	-	-	-	(189)
Transfers	1,366	-	643	3,077	(5,086)	-	-	-
Balance on December 31, 2018	63,856	59,444	4,679	9,512	3,723	196	-	141,410
Accumulated Depreciation								
Balance on December 31, 2017	(10,984)	(40,723)	(2,356)	(2,492)	(545)	(36)	-	(57,136)
Depreciation	(2,316)	(5,899)	(684)	(573)	(514)	(38)	-	(10,024)
Write-Offs	-	103	-	-	-	-	-	103
Balance on December 31, 2018	(13,300)	(46,519)	(3,040)	(3,065)	(1,059)	(74)	-	(67,057)
Book balances, net	50,556	12,925	1,639	6,447	2,664	122	-	74,353
Gross cost of Property and Equipment								
Balance on December 31, 2018	63,856	59,444	4,679	9,512	3,723	196	-	141,410
Additions	24	1,739	105	343	2,803	-	14,237	19,251
Write-Offs	-	(24)	-	(70)	-	-	-	(94)
Transfers	93	65	-	325	(483)	-	-	-
Spin-off	-	-	-	-	-	(115)	-	(115)
Balance on September 30, 2019	63,973	61,224	4,784	10,110	6,043	81	14,237	160,452
Accumulated Depreciation								
Balance on December 31, 2018	(13,300)	(46,519)	(3,040)	(3,065)	(1,059)	(74)	-	(67,057)
Depreciation	(1,783)	(3,920)	(696)	(689)	(386)	(38)	(1,542)	(9,054)
Write-Offs	-	24	-	8	-	-	-	32
Spin-off	-	-	-	-	-	69	-	69
Balance on September 30, 2019	(15,083)	(50,415)	(3,736)	(3,746)	(1,445)	(43)	(1,542)	(76,010)
Book balances, net	48,890	10,809	1,048	6,364	4,598	38	12,695	84,442

(*) Right of use – Due to the adoption of IFRS 16 as of January 1, 2019, the Company recognized new assets for lease contracts for the leasing of vehicles and the property that houses the São Paulo branch, recorded on September 30, 2019 in the amount of R\$995 and R\$11,700, respectively, net of amortization. The recorded contracts, referring to vehicles rented, are not automatically renewed, do not have the option of acquisition for the residual value of the item, and are valid for two (2) years on average. For the property contract, we consider the remaining period of 2 years to the end of the contract, plus a 5-year cycle by the automatic renewal clause.

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15 Intangible assets

	Parent Company		
	Software Development Costs	Software in progress	Total
Gross intangible cost			
Balance on December 31, 2017	139,588	6,200	145,788
Additions	21,655	4,224	25,879
Transfers	5,694	(5,694)	-
Balance on December 31, 2018	166,937	4,730	171,667
Accumulated Amortization			
Balance on December 31, 2017	(91,691)	-	(91,691)
Amortization	(37,523)	-	(37,523)
Balance on December 31, 2018	(129,214)	-	(129,214)
Book Balance, Net	37,723	4,730	42,453
Gross intangible cost			
Balance on December 31, 2018	166,937	4,730	171,667
Additions	16,557	2,643	19,200
Balance on September 30, 2019	183,494	7,373	190,867
Accumulated Amortization			
Balance on December 31, 2018	(129,214)	-	(129,214)
Amortization	(21,807)	-	(21,807)
Balance on September 30, 2019	(151,021)	-	(151,021)
Book Balance, Net	32,473	7,373	39,846

	Consolidated		
	Software Development Costs	Software in progress	Total
Gross intangible cost			
Balance on December 31, 2017	139,588	6,401	145,989
Additions	21,655	4,350	26,005
Transfers	5,694	(5,694)	-
Balance on December 31, 2018	166,937	5,057	171,994
Accumulated Amortization			
Balance on December 31, 2017	(91,691)	-	(91,691)
Amortization	(37,524)	-	(37,524)
Balance on December 31, 2018	(129,215)	-	(129,215)
Book Balance, Net	37,722	5,057	42,779
Gross intangible cost			
Balance on December 31, 2018	166,937	5,057	171,994
Additions	16,683	2,517	19,200
Balance on September 30, 2019	183,620	7,574	191,194
Accumulated Amortization			
Balance on December 31, 2018	(129,215)	-	(129,215)
Amortization	(21,826)	-	(21,826)
Balance on September 30, 2019	(151,041)	-	(151,041)
Book Balance, Net	32,579	7,574	40,153

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16 Liabilities payable

	Parent Company		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Suppliers	5,782	2,573	93,659	12,824
Lease liabilities (*)	12,598	-	12,598	-
Obligations for purchase of securities	-	49,992	-	49,992
Dividends	1,817	69,995	1,817	69,995
Interest on Shareholders' Equity	199,435	66,426	199,435	66,426
Profit sharing	-	23,137	-	23,137
Key management Life compensation	29,274	18,198	29,274	18,198
Others	2,008	4,325	9,132	8,819
Total	250,914	234,646	345,915	249,391
Current	209,414	220,870	218,079	235,195
Non-Current	41,500	13,776	127,836	14,196

(*) Due to the adoption of IFRS 16 on January 1, 2019, the Company recorded in its balance sheet the total payable residual value of its lease contracts for the leasing of vehicles and the property that houses the São Paulo branch, recorded on September 30, 2019 in the amount of R\$12,598, R\$323 of which refers to interest payable recognized as a financial expense in the period.

17 Provisions for taxes and contributions

	Parent Company		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Income tax payable	3,002	25,863	9,030	29,052
CSLL payable	-	31,316	2,671	32,469
PIS/COFINS payable	-	8,210	234	8,494
Total	3,002	65,389	11,935	70,015

18 Debits for reinsurance and retrocession transactions

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

18.1 Analysis

	Parent Company		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Current				
Operations with insurers	1,179	251	1,179	251
Reinsurance operations	1,657,709	1,251,262	1,657,709	1,251,262
Reinsurance brokers, retrocession and other	137,163	105,788	137,163	106,099
Others operating debts	17,950	35,458	17,950	35,458
	1,814,001	1,392,759	1,814,001	1,393,070
Non-Current				
Others operating payables	789	789	789	789
	1,814,790	1,393,548	1,814,790	1,393,859

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18.2 Changes

	Parent Company				
	Premiums	Claims	Commissions	Others	Total
Balance on December 31, 2017	1,066,658	71,391	82,759	31,876	1,252,684
Premiums, commissions and retrocession interest payable	2,024,219	-	-	-	2,024,219
Premiums, commissions and retrocession interest paid	(1,889,265)	-	-	-	(1,889,265)
Reinsurance claim paid	-	(45,519)	-	-	(45,519)
Brokerage commission payable	-	-	133,908	-	133,908
Brokerage commission paid	-	-	(115,690)	-	(115,690)
Others to pay	-	77,197	-	-	77,197
Others paid	-	(94,283)	-	8,354	(85,929)
Exchange rate change	36,349	4,766	4,811	(3,983)	41,943
Balance on December 31, 2018	1,237,961	13,552	105,788	36,247	1,393,548
Premiums, commissions and retrocession interest payable	1,418,648	-	-	-	1,418,648
Premiums, commissions and retrocession interest paid	(1,365,325)	-	-	-	(1,365,325)
Reinsurance claim payable	-	343,708	-	-	343,708
Reinsurance claim paid	-	(42,063)	-	-	(42,063)
Brokerage commission payable	-	-	148,423	-	148,423
Brokerage commission paid	-	-	(122,959)	-	(122,959)
Others to pay	-	-	-	-	-
Others paid	-	-	-	(18,907)	(18,907)
Exchange rate change	23,851	28,711	5,912	1,243	59,717
Balance on September 30, 2019	1,315,135	343,908	137,164	18,583	1,814,790

	Consolidated				
	Premiums	Claims	Commissions	Others	Total
Balance on December 31, 2017	1,066,658	71,391	82,759	31,876	1,252,684
Premiums, commissions and retrocession interest payable	2,024,219	-	-	-	2,024,219
Premiums, commissions and retrocession interest paid	(1,889,265)	-	-	-	(1,889,265)
Reinsurance claim paid	-	(45,519)	-	-	(45,519)
Brokerage commission payable	-	-	133,908	-	133,908
Brokerage commission paid	-	-	(115,379)	-	(115,379)
Others to pay	-	77,197	-	-	77,197
Others paid	-	(94,283)	-	8,354	(85,929)
Exchange rate change	36,349	4,766	4,811	(3,983)	41,943
Balance on December 31, 2018	1,237,961	13,552	106,099	36,247	1,393,859
Premiums, commissions and retrocession interest payable	1,418,648	-	-	-	1,418,648
Premiums, commissions and retrocession interest paid	(1,365,325)	-	-	-	(1,365,325)
Reinsurance claim payable	-	343,708	-	-	343,708
Reinsurance claim paid	-	(42,063)	-	-	(42,063)
Brokerage commission payable	-	-	148,423	-	148,423
Brokerage commission paid	-	-	(123,270)	-	(123,270)
Others to pay	-	-	-	-	-
Others paid	-	-	-	(18,907)	(18,907)
Exchange rate change	23,851	28,711	5,912	1,243	59,717
Balance on September 30, 2019	1,315,135	343,908	137,164	18,583	1,814,790

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19 Technical provisions

19.1 Provision for unearned premiums and acquisition costs

Parent Company and Consolidated						
September 30, 2019						
	Provision for Unearned Premiums			Deferred Reinsurance Commission		
	Effective	Estimated	RVNE	Effective	Estimated	RVNE
Aviation	28,896	5,132	4,432	(1,063)	(976)	(38)
Motor	8,404	6,546	958	(1,959)	(1,195)	-
Mortgage	13,590	8,274	1,537	(136)	(999)	-
Marine	49,756	1,985	12,563	(1,067)	(358)	(38)
Nuclear	21,338	-	1,283	(1,093)	-	-
Property	609,803	140,625	88,111	(26,945)	(27,015)	(1,477)
Life	20,690	19,057	7,475	(962)	(1,956)	-
Oil & Gas	348,122	2,174	38,120	(1,869)	(72)	(139)
Liabilities	77,970	40,907	4,872	(2,734)	(9,676)	(75)
Financial risks	217,216	65,106	6,403	(86,153)	(25,923)	(709)
Agriculture	192,794	243,783	11,731	(47,791)	(63,553)	(190)
Cargo	68,128	48,366	34,336	(6,933)	(8,483)	(2,477)
Abroad	468,884	670,868	62,820	(50,426)	(122,849)	(1,282)
	2,125,591	1,252,823	274,641	(229,131)	(263,055)	(6,425)
Current						
Non-Current						

Parent Company and Consolidated						
December 31, 2018						
	Provision for Unearned Premiums			Deferred Reinsurance Commission		
	Effective	Estimated	RVNE	Effective	Estimated	RVNE
Aviation	22,504	9,643	3,765	(1,176)	(1,681)	(26)
Motor	6,360	2,226	817	(750)	(257)	-
Mortgage	3,091	8,361	967	(250)	(1,114)	-
Marine	32,737	7,801	12,113	(414)	(792)	(148)
Nuclear	13,931	-	1,467	-	-	-
Property	479,170	160,405	74,817	(13,114)	(31,074)	(1,143)
Life	23,717	9,605	11,533	(133)	(1,722)	-
Oil & Gas	174,240	7,611	31,094	(2,007)	(4)	(298)
Liabilities	60,000	33,518	3,616	(1,371)	(7,457)	(53)
Financial risks	165,377	67,832	4,769	(64,669)	(28,964)	(411)
Agriculture	76,970	274,645	11,601	(16,988)	(69,066)	(512)
Cargo	52,219	36,568	40,471	(3,309)	(6,701)	(3,723)
Abroad	242,386	438,828	68,192	(22,345)	(85,980)	(1,472)
	1,352,702	1,057,043	265,222	(126,526)	(234,812)	(7,786)
Current						
Non-Current						

19.1.1 Changes

Parent Company and Consolidated						
	Provision for Unearned Premiums			Deferred Reinsurance Commission		
	Effective	Estimated	RVNE	Effective	Estimated	RVNE
Balances on December 31, 2017	1,424,701	597,966	245,834	(160,952)	(123,062)	(17,580)
Incorporation	396,124	615,219	25,820	(54,550)	(141,021)	(1,105)
Deferral by risk	(572,193)	(205,944)	(28,588)	93,326	38,682	11,909
Exchange rate change	104,070	49,802	22,156	(4,350)	(9,411)	(1,010)
Balances on December 31, 2018	1,352,702	1,057,043	265,222	(126,526)	(234,812)	(7,786)
	Provision for Unearned Premiums			Deferred Reinsurance Commission		
	Effective	Estimated	RVNE	Effective	Estimated	RVNE
Balances on December 31, 2018	1,352,702	1,057,043	265,222	(126,526)	(234,812)	(7,786)
Incorporation (a)	886,543	507,669	18,526	(134,937)	(113,191)	(140)
Deferral by risk (a)	(201,600)	(347,351)	(20,403)	35,429	91,023	1,760
Exchange rate change	87,946	35,462	11,296	(3,097)	(6,075)	(259)
Balances on September 30, 2019	2,125,591	1,252,823	274,641	(229,131)	(263,055)	(6,425)

(a) Refers to Note 3.3 Statements of incomes – Reconciliation, under Changes in technical provisions – premiums.

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19.2 Provisions for claims to be settled and claims incurred but not reported

September 30, 2019			
	Parent Company and Consolidated		
	Claims to be settled	Claims to be settled in court dispute	Claims incurred but not reported
	Reinsurance	Reinsurance	Reinsurance
Aviation	249,407	5,198	83,767
Motor	98,574	7,205	18,813
Mortgage	13,329	226	7,153
Marine	63,550	751	15,365
Nuclear	2	0	-
Property	979,377	108,958	250,840
Life	93,149	2,023	102,182
Oil & Gas	222,544	0	12,405
Liabilities	226,769	20,618	67,541
Financial risks	98,734	3,249	62,144
Agriculture	427,546	2,229	379,369
Cargo	134,131	1,550	39,666
Abroad	901,229	-	945,862
	3,508,341	152,007	1,985,107

December 31, 2018						
	Parent Company			Consolidated		
	Claims to be settled	Claims to be settled in court dispute	Claims incurred but not reported	Claims to be settled	Claims to be settled in court dispute	Claims incurred but not reported
	Reinsurance	Reinsurance	Reinsurance	Reinsurance	Reinsurance	Reinsurance
Aviation	295,199	14,793	122,051	295,199	14,793	122,051
Motor	125,405	23,144	40,651	125,405	23,144	40,651
Mortgage	19,130	866	10,246	19,130	866	10,246
Marine	102,105	2,196	20,266	102,105	2,196	20,266
Nuclear	2	-	-	2	-	-
Property	1,124,040	153,525	293,873	1,124,040	153,525	293,873
Life	110,369	8,991	93,154	110,369	8,991	93,154
Oil & Gas	98,147	355	8,164	98,147	355	8,164
Liabilities	362,140	75,995	101,390	362,140	75,995	101,390
Financial risks	152,368	11,864	112,263	152,368	11,864	112,263
Agriculture	158,365	10,639	190,292	158,365	10,639	190,292
Cargo	311,713	3,015	48,658	311,713	3,015	48,658
Abroad	1,057,766	-	958,060	1,058,183	-	958,060
	3,916,749	305,383	1,999,068	3,917,166	305,383	1,999,068

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19.2.1 Changes

	Parent Company		Consolidated	
	Claims to be settled	Claims incurred but not reported	Claims to be settled	Claims incurred but not reported
Balances on December 31, 2017	4,343,294	1,687,480	4,372,552	1,687,480
Claim settlement	(2,028,959)	(343,124)	(2,028,959)	(343,124)
Incorporation of provision for claims	1,907,797	654,712	1,878,956	654,712
Balances on December 31, 2018	4,222,132	1,999,068	4,222,549	1,999,068
	Claims to be settled	Claims incurred but not reported	Claims to be settled	Claims incurred but not reported
Balances on December 31, 2018	4,222,132	1,999,068	4,222,549	1,999,068
Incorporation of provision for claims	6,263,590	644,834	6,263,590	644,834
Reversal of provision for claims	(2,374,681)	(714,509)	(1,945,056)	(728,023)
Claim settlement	(4,430,526)	-	(4,929,465)	-
Exchange rate change	(20,167)	55,714	48,730	69,228
Balance on September 30, 2019	3,660,348	1,985,107	3,660,348	1,985,107

19.2.2 Claims being challenged in court

On September 30, 2019 and 2018, the balance of unsettled claims includes claims being challenged in court related mainly to whether they are covered under the terms of a contract, or differences between amounts claimed by the insured party and the evaluations of legal consultants, legal counsel or the technical area of the Reinsurer.

The percentages calculated actuarially, based on the probability of loss, and the corresponding provision set up, are as follows:

Parent Company and Consolidated						
September 30, 2019						
Likelihood	Quantity	Total Exposure Value	%	Claim to be settled	Retrocession	Net
Probable	282	185,189	35%	64,816	(34,432)	30,384
Possible	259	235,971	35%	82,590	(35,255)	47,335
Remote	79	230,035	2%	4,601	(2,374)	2,227
	620	651,195		152,007	(72,061)	79,946

Parent Company and Consolidated						
December 31, 2018						
Likelihood	Quantity	Total Exposure Value	%	Claim to be settled	Retrocession	Net
Probable	586	332,849	39%	129,811	(38,332)	91,479
Possible	496	432,683	36%	155,766	(69,102)	86,664
Remote	176	396,120	5%	19,806	(14,609)	5,197
	1,258	1,161,652		305,383	(122,043)	183,340

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

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19.2.2.1 Aging of court claims

Aging	Parent Company and Consolidated		
	September 30, 2019		
	Retrocession - Gross	Retrocession	Retrocession - Net
From 0 to 30 days	203	-	203
From 61 to 90 days	30,033	(12,363)	17,670
From 91 to 120 days	18,990	(4,546)	14,444
From 121 to 180 days	44,091	(32,879)	11,212
From 181 to 365 days	9,303	(1,064)	8,239
Above 365 days	49,387	(21,209)	28,178
	152,007	(72,061)	79,946

19.3 Other provisions

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

	Parent Company and Consolidated	
	September 30, 2019	December 31, 2018
Aviation	5,330	5,931
Motor	1,252	1,646
Mortgage	13,300	12,481
Marine	505	359
Nuclear	120	223
Property	19,232	17,449
Life	45,874	34,240
Oil & Gas	10	6
Liabilities	2,828	6,463
Financial risks	63,746	45,501
Agriculture	32,749	117,140
Cargo	5,487	3,725
Abroad	57,273	33,271
	247,706	278,435

20 Guarantee for technical provisions

Under CMN Resolution 4444, of November 13, 2015, as amended by CMN Resolution 4633 of February 22, 2018, the technical provisions of the Reinsurer are secured as follows:

	Parent Company		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Reinsurance technical provisions	9,047,605	8,805,478	9,047,605	8,805,895
(-) Technical Provisions Argentina Branch	-	92,801	-	92,801
(-) Retrocession Assets	3,863,841	3,084,435	3,863,841	3,084,452
(+) Reducing assets - PPNG	857,492	821,734	857,492	821,734
(-) Reducing assets - acquisition cost	4,452	3,708	4,452	3,708
(-) Future Receivables	1,976,165	1,302,813	1,976,165	1,302,813
Amount to be guaranteed	4,060,639	5,143,455	4,060,639	5,143,855
Assets available for collateral:				
Shares in Exclusive Investment Funds	4,492,716	3,650,494	4,492,716	3,650,494
Financial Treasury Bills	-	1,059,061	-	1,059,061
National Treasury Notes	-	68,483	-	68,483
Time deposits	268,905	633,897	268,905	633,897
Sovereign Debt Securities	-	197,150	-	197,150
Real Estate Funds	19,216	8,213	19,216	8,213
Debentures	3,083	1,665	3,083	1,665
Total Assets	4,783,920	5,618,963	4,783,920	5,618,963

21 Related parties

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

	Parent Company and Consolidated					
	September 30, 2019		December 31, 2018		September 30, 2019	September 30, 2018
	To Receive	To be Paid	To Receive	To be Paid	Income	Income
With interest in the Reinsurer						
Premiums	35,394	-	345,517	-	471,211	1,542,733
Retrocessions	-	502	-	101,578	(44,153)	(578,341)
Retained Premium					427,058	964,392
Changes in Technical Provisions	-	-	-	-	32,598	(206,968)
Earned Premium					459,656	757,424
Indemnifications and claims expenses	6,838	(277)	4,068	6,445	(322,397)	(369,857)
Commissions	-	1,121	-	33,929	(111,089)	(150,094)
Others	-	839	-	292	(782)	(1,307)
	42,232	2,185	349,585	142,244	25,388	236,166

These are reinsurance and retrocession transactions with insurance companies which are shareholders of the Reinsurer. The balances are included in "credits for reinsurance and retrocession transactions" and "debits for reinsurance and retrocession transactions" in the Balance Sheet and the respective Statements of income accounts.

21.1 Compensation for key management personnel

Total compensation for officers and members of the Company's other boards and committees, on September 30, 2019 and 2018, is as follows:

	Parent Company and Consolidated			
	Short-Term Benefits to the Management	Long-Term Benefits to the Management	Post-Employment Benefit	Total
Accounts Payable				
December 31, 2018	4,422	13,776 (*)	-	18,198
September 30, 2019	-	29,274 (*)	-	29,274
Income				
September 30, 2018	14,076	8,610	1,754	24,440
September 30, 2019	15,733	17,918	2,498	36,149

(*) Refers to the "Outperform Program", which consists of a bonus payable to the Statutory Executive Officers if the goal of doubling the Company's market cap between May 2018 and May 2021 is achieved, as long as IRBR3's shares outperform the Ibovespa index over the same period. The fair value of the obligation was calculated based on valuation techniques to estimate the accounting effects with a reasonable degree of accuracy. The Company regularly reviews the fair value and the accounting provisions.

21.1.1 Long-term restricted shares incentive (ILP)

The Company hereby announces the constitution of the Restricted Long-term Incentive Program ("Program") for its Statutory Officers in addition to the variable compensation package of said Executives, with its first grant in April 2019. Eligible to the plan are the Statutory Officers who have achieved the performance target set by the Board of Directors.

The Plan is composed of 3 lots and each beneficiary shall remain continuously linked as the Company's executive officer, for the period between the grant date and the following dates, for the acquisition of the rights related to the following fractions: (i) 1/3 (one third) after the 2nd anniversary of the grant date; (ii) 1/3 (one third) after the 3rd anniversary of the grant date; and (iii) 1/3 (one third) after the 4th anniversary of the grant date. During this period, the shares will remain blocked for movement until the grace periods established in the Program Regulations, as duly approved by the Company's Board of Directors, are met.

The vesting period of Restricted Shares may be from 2 to 4 years after the grant date. Payment is made through the granting of shares, with the payment of the payroll and the retention / payment of mandatory charges pursuant to the current Law, and other benefits granted by the Company in the payment of amounts as variable compensation of the Statutory Officers.

As a result of the beginning of the above mentioned program, 90,591 shares held in treasury were granted to the above mentioned Executives in the period ended September 30, 2019, for meeting the targets set by the Board of Directors for 2018. The fair value of the equity instruments granted was defined by the share price on the grant date, R\$ 31.17.

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The respective amounts mentioned above already include the stock split occurred on September 19, 2019 (see note 24.1).

In the period ended September 30, 2019, the Company recorded the amount of R \$ 502 related to the expense of the restricted share plan recognized in profit or loss with a corresponding entry to equity in a specific capital reserve account. The amount recorded as charges in the period was R \$ 1,918.

22 Court and tax deposits, other lawsuits and tax obligations

Parent Company and Consolidated			
September 30, 2019			
	Court and tax deposits	Other Payables	Tax Liabilities
Tax	499,448	-	447,728
COFINS	8,643	-	-
PIS	4,437	-	-
Social contribution	471,036	-	447,728
Income tax	14,074	-	-
ISS	1,258	-	-
Social Security	126,136	-	-
INSS (Social Security Contribution)	124,956	-	-
Government severance fund for employee	1,180	-	-
Labor and Civil Lawsuits	37,053	63,103	-
Labor lawsuits	25,952	62,595	-
Civil lawsuits	11,101	508	-
	662,637	63,103	447,728

Parent Company and Consolidated			
December 31, 2018			
	Court and tax deposits	Other Payables	Tax Liabilities
Tax	485,746	-	435,264
COFINS	8,389	-	-
PIS	4,306	-	-
Social contribution	458,295	-	435,264
Income tax	13,545	-	-
ISS	1,211	-	-
Social Security	122,290	-	-
INSS (Social Security Contribution)	121,110	-	-
Government severance fund for employee	1,180	-	-
Labor and Civil Lawsuits	44,937	58,645	-
Labor lawsuits	33,525	58,213	-
Civil lawsuits	11,412	432	-
	652,973	58,645	435,264

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

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

Parent Company and Consolidated				
September 30, 2019				
	Quantity	Value at Risk	Other payable balances (*)	Tax liabilities balance (*)
Tax				
Probable	1	447,728	-	447,728
Possible	19	352,277	-	-
Remote	1	200	-	-
	21	800,205	-	447,728
Social Security				
Possible	10	74,107	-	-
Remote	1	10,731	-	-
	11	84,838	-	-
Labor and Civil Lawsuits				
Probable	61	63,103	63,103	-
Possible	144	90,028	-	-
Remote	3	2,363	-	-
	208	155,494	63,103	447,728

(*) The sum of R\$447,728 (R\$435,264 at December 31, 2018) is registered as accounts payable – tax obligations and the amount of R\$63,103 (R\$58,645 at December 31, 2018) is registered as a contingent liability.

Parent Company and Consolidated				
December 31, 2018				
	Quantity	Value at Risk	Other payable balances	Tax liabilities balance
Tax				
Probable	1	435,264	-	435,264
Possible	17	278,378	-	-
Remote	1	200	-	-
	19	713,842	-	435,264
Social Security				
Possible	11	72,760	-	-
Remote	1	10,609	-	-
	12	83,369	-	-
Labor and Civil Lawsuits				
Probable	55	58,645	58,645	-
Possible	127	67,501	-	-
Remote	3	2,220	-	-
	185	128,366	58,645	435,264

The “tax liabilities” provisions are legal obligations of the Company amounting to R\$447,728 (R\$435,264 in 2018) which are currently the subject of court cases. Accordingly, their settlement depends on court rulings which may be appealed. For these legal obligations, the Company makes a provision of 100.0% of the amounts at risk.

Pursuant to CPC 25, the difference between the provision for legal liabilities and the total of the tax lawsuits (R\$352,477) is not provisioned (sum of possible tax cases - R\$ 352,277 and remote - R\$ 200). This accounting standard stipulates that liabilities classified as representing possible or remote losses or when they cannot be estimated with a sufficient degree of accuracy are not provisioned.

Provisions shown as “other debts” are items open to interpretation and are included as contingent liabilities as required by CPC 25. Accordingly, the values at risk are only recognized for cases where the risk of a cash outflow is regarded as probable. For cases where a loss is possible, this standard only requires disclosure in the notes to the financial information. Remote risks of loss are not disclosed.

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22.2 Changes of legal and litigation obligations

	Parent Company and Consolidated				
	December 31, 2017	Additions	Monetary adjustments	Write- Offs	December 31, 2018
Tax	418,208	-	17,056	-	435,264
Social contribution (22.3.3)	418,208	-	17,056	-	435,264
Labor and Civil Lawsuits	59,274	8,361	3,511	(12,501)	58,645
Labor lawsuits (22.3.2)	56,271	7,878	3,403	(9,339)	58,213
Civil lawsuits	3,003	483	108	(3,162)	432
Balance at the end of the period	477,482	8,361	20,567	(12,501)	493,909

	December 31, 2018	Additions	Monetary adjustments	Write- Offs	September 30, 2019
Tax	435,264	-	12,464	-	447,728
Social contribution (22.3.3)	435,264	-	12,464	-	447,728
Labor and Civil Lawsuits	58,645	1,900	7,121	(4,563)	63,103
Labor lawsuits (22.3.2)	58,213	1,854	7,087	(4,563)	62,591
Civil lawsuits	432	46	34	-	512
Balance at the end of the period	493,909	1,900	19,585	(4,563)	510,831

22.3 Tax proceedings
22.3.1 INSS and ISS

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

The Company filed administrative appeals for the cancellation of these penalties. The adjusted total of R\$53,444 for assessments imposed by the INSS represents the additional payment of 2.5% due by companies considered to be equivalent to financial institutions.

In respect of these assessments on the additional 2.5% of INSS, the Company was ordered on April 30, 2010, to pay to the court the amounts in dispute at the time (R\$23,291), and subsequently, on May 28, 2010, the deposit was increased by the amount of the legal costs (R\$4,666). The current adjusted value of court deposits for INSS lawsuits is R\$53,444.

In March 2016 the Federal Supreme Court ruled on the lead case (RE 598.572), relating to the constitutionality of Article 22, Paragraph 1, of Law 8212/91, which imposes the additional 2.5% of social security contributions on financial institutions and other entities related in the Law.

It was unanimously held that the collection of the additional 2.5% in question is constitutional. However, the court ruled that this precedent should be subject to a time limit, and should be applicable only to taxable events which occurred after Constitutional Amendment 20, of December 15, 1998, came into force; and that events prior to this would be analyzed under another appeal (RE 599.309/SP).

Accordingly, the Supreme Court ruled as follows: "The legal provision for differentiating between the rates for social security contributions on the payrolls of financial institutions and similar entities, after the enactment of Constitutional Amendment 20/1998, is constitutional".

Under Writ of Mandamus 99.0023782-0 referred to above, IRB Brasil RE questions the collection of the additional 2.5%, both before and after the enactment of EC 20/1998.

This EC 20/1998 legitimized the use of different rates and calculation bases, depending on the type of business activity, by adding this provision to Article 195 of the Federal Constitution.

Thus, a time limit having been expressly defined by this ruling, it is argued that the ruling does not apply to the full amount covered by Writ of Mandamus 99.0023782-0, since the debits listed in NFLD 32.711.075-9 refer to a period (from January 1993 to September 1998) preceding the enactment of Constitutional Amendment 20/1998 (December 1998).

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The proceedings were suspended until November 29, 2016, when the trial in RE 598.572/SP (the first lead case) was ruled declaring the constitutionality of the additional charge of 2.5% in cases of collection of generating events occurring after EC 20/98, hence the previous period will be analyzed by means of RE 599309/SP. On June 9, 2017, after the writs were reactivated due to the court trial of the paradigm case, the Company filed a petition for dismissal of the case until the ruling on RE 599.309/SP (2nd leading case), which deals with the additional of 2.5% in the periods prior to the effective date of EC 20/98.

The Vice President of the Federal Regional Court (TRF) of the 2nd Region approved this request and the records were held until the final trial of RE 599.309/SP (2nd leading case). However, on June 6, 2018, the Federal Supreme Court concluded the judgment of the said Extraordinary Appeal (RE) 599.309, confirming the favorable outcome for the Union, in which the constitutionality of the additional contribution requirement of 2.5% on the wages of financial institutions, established before EC 20/98.

Nevertheless, the judgment of RE 599.309 (Lead Case) regarding the question of the constitutionality of the additional contribution of 2.5% on the payroll established for financial and similar institutions, does not fully apply to the Company but to the subsidiary defense thesis of the IRB. The Company's main argument is that the IRB Brasil RE, from September 1989 to September 1998, was not treated as a private insurance company, since at that time the Company was an Institute with its own legal identity and having as its main functions the regulation and supervision of the Brazilian reinsurance market.

IRB Brasil RE's internal and external legal counsel understand that the probability of loss should remain "Possible", since the Writ of Mandamus 0023782-04.1999.4.02.5101 as the Company's thesis' main issue was not analyzed or addressed in this Lead Case, namely that during the 9-year period IRB Brasil RE could not be equated to a private insurance company and, therefore, would not be subject to the additional contribution of 2.5%.

In respect of the ISS Tax Execution action and considering the significant conclusion in the November 2012 expert report that upheld the Company's arguments, the advice of legal counsel handling the case is that the likelihood of loss is possible.

The Company's legal counsel has therefore classified both cases as possible losses.

22.3.2 Labor/Civil proceedings

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

The Company's external legal counsel estimate the adjusted value of these proceedings, with losses classified as probable, to be of R\$60,996. Labor and civil cases with possible losses are estimated to total R\$72,022.

Regarding these proceedings, we highlight the public civil action being analyzed by the 75th Labor Court of Rio de Janeiro, filed by the National Reinsurance Workers' Union (SINTRES) and the National Federation of Insurance Professionals (FENESPIC) against the Company, claiming the reinstatement of all the benefits and use of costing methods under the previous health plan, operated by self-management, based on the argument that unilateral changes were allegedly introduced which were prejudicial to the Company's employees and pensioners. In addition to reinstating the original conditions, they are claiming moral damages to the employees concerned and to the unions.

Currently the sentence handed down a first-degree ruling against IRB, which filed a motion for clarification pending judgment.

The Company's legal counsel estimate that a sum of R\$17,946 is at risk and the loss has been classified as possible.

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22.3.3 Social contribution on income

Following the publication of Provisional Measure 413/08, converted into Law 11,727, of June 23, 2008, the CSLL rate was increased from 9% to 15% for private insurance companies, financial institutions and similar entities, with effect from May 2008.

In June 2008, the Company filed a Writ of Mandamus questioning the constitutionality of this rate increase, provisioning the amounts in question and paying them to the court. The adjusted amount of the court deposit for payment of the CSLL on September 30, 2019, totaled R\$463,867 (Note 22).

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

On October 30, 2015, the Company filed another Writ of Mandamus questioning Provisional Measure 675, of May 21, 2015, converted into Law 13,169 of October 7, 2015, which amended the provisions of Article 3, Section I, of Law 7,689, of December 15, 1988, and with effect from September 2015 increased the rate of social contribution on net income for private insurance companies, financial institutions and similar entities, from 15% to 20%. In November 2015, a ruling was handed down refusing the application for an injunction, arguing that the discussion about increases in the rate of social contribution on net income for financial institutions and similar entities was not new, in view of the previous enactment of Provisional Measure 413/2008, subsequently converted into Law 11,727/2008, which was awaiting judgment by the Supreme Court (ADI 4101). A Motion for Clarification was filed against this ruling, on the basis that arguments presented in the complaint as to the unequivocal difference between the economic capacity of financial institutions and insurance companies had been omitted.

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

The Company opted not to make any further court deposits for the amounts under dispute from September 2015 but has made a monthly payment of the full amount of contributions payable (20.0%), i.e. both the undisputed portion (9.0%) and the disputed portion (11.0%).

As for the Writ of Mandamus 0134273-19.2015.4.02.5101, the 4th Panel of the Federal Regional Court (TRF) 2nd Region rendered a court decision dismissing the appeal filed by IRB Brasil RE, and did accept the counter appeals by the Company, thus, and the decision that denied the security was filed. We are currently awaiting a decision on an extraordinary appeal.

23 Labor provisions

	Parent Company	
	September 30, 2019	December 31, 2018
Provision for vacations and 13 th Salary	14,663	8,981
Provision for bonus leave and private pension plan	-	3
	14,663	8,984

	Consolidated	
	September 30, 2019	December 31, 2018
Provision for vacations and 13 th Salary	15,120	9,089
Provision for bonus leave and private pension plan	-	3
	15,120	9,092

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24 Shareholders' equity

24.1 Capital

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

On September 19, 2019, at the 64th Extraordinary Shareholders' Meeting, the shareholders agreed to a share split of IRB Brasil RE's shares in the ratio of 3 common shares for each existing common share, without changing the share capital. The share capital was then represented by nine hundred and thirty six million (936,000,000) common shares and one (1) special class preferred share, belonging to the federal government.

On September 30, 2019, the shareholding structure of IRB Brasil RE was as follows:

Shareholder	Common Shares	%share of outstanding capital
Bradesco Seguros S.A.	142,560,639	15.3%
Itaú Seguros S.A.	104,284,743	11.2%
BlackRock	47,868,096	5.1%
Others	636,532,722	68.4%
	931,246,200	100.0%

24.2 Shares in treasury

The Company holds 4,753,800 shares in treasury, representing a total of R\$12,956.

24.3 Profit reserves

The legal reserve is set up based on 5.0% of the net income for the year, limited to 20.0% of share capital, pursuant to the Brazilian Corporation Law (Law 6,404 of December 15, 1976). The purpose of the legal reserve is to preserve the share capital. It may only be used to absorb losses or increase capital.

Pursuant to Law 6404/1976 (Brazilian Corporation Law), Article 199, the balance of profit reserves, except for catastrophic contingencies, tax incentives and unrealized income reserves, cannot exceed the amount of share capital.

24.4 Equity valuation adjustment

Changes are as follows:

	Parent Company and Consolidated	
	September 30, 2019	September 30, 2018
Balance at the beginning of the period	(113,381)	(76,161)
Gain (loss) on fair value of financial assets available for sale in the period	9,634	(64,222)
Unrealized gains (losses) on securities - Subsidiaries	6,551	(23,483)
Remeasurement of post-employment benefit obligations	(22,792)	30,251
Income tax and social contribution on the change in fair value of financial assets available for sale at fair value	(3,854)	28,900
Income tax and social contribution on change of remeasurement of post-employment benefit obligations	10,906	(12,218)
Exchange rate change arising from the translation of assets from foreign operations (i)	(78,995)	3,872
Balance at the end of the period	(191,931)	(113,061)

(i) Currency differences arising from the translation of the Company's offshore net assets from their functional currencies to the Company's presentation currency, are recognized in shareholders' equity as cumulative translation adjustments.

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24.5 Earnings per share – basic and diluted

Under Technical Pronouncement CPC 41 – Earnings per Share, the table below presents a reconciliation between the net income for the quarter and the amounts used to calculate basic and diluted earnings per share.

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

	Quarter		Accumulated	
	Parent Company and Consolidated		Parent Company and Consolidated	
	July 1 to September 30, 2019	July 1 to September 30, 2018	January 1 to September 30, 2019	January 1 to September 30, 2018
Numerator				
Net Income for the period	392,548	304,525	1,131,399	845,863
Denominator (number of shares in units)	931,246,200	931,246,200	931,246,200	931,246,200
Weighted average number of outstanding common shares				
Earnings per share	0.42	0.33	1.21	0.91

The Reinsurer has not issued equity instruments which affect the calculation of diluted earnings per share, as defined in CPC 41 – Earnings per Share. Accordingly, the diluted earnings per share are the same as the basic earnings per share.

25 Analysis of the income accounts

On September 30, 2019 and 2018, premiums earned, claims incurred, and commission paid for the main types of insurance were as follows:

25.1 Premiums earned – main operating groups (retrocession - gross)

	Quarter					
	Parent Company and Consolidated					
	July 1 to September 30, 2019					
	Written Premiums - Gross	Reinsurance Commission	Changes in Technical Provisions - Premium	Changes in Technical Provisions - Commission	Other Technical Provisions	Earned Premiums
Aviation	17,348	(1,270)	6,695	(329)	(602)	21,842
Motor	9,892	(2,501)	(3,141)	(1,066)	2,309	5,493
Mortgage	27,176	(1,851)	(4,791)	(927)	1,376	20,983
Marine	12,218	(519)	6,337	(480)	153	17,709
Nuclear	18,864	(1,093)	(15,362)	103	905	3,417
Property	415,977	(26,424)	(89,013)	(8,519)	8,419	300,440
Life	92,674	(6,785)	(4,589)	(11,924)	9,481	78,857
Oil & Gas	136,116	71	14,874	501	(338)	151,224
Liabilities	41,853	(7,611)	5,120	(1,058)	3,680	41,984
Financial risks	87,811	(32,264)	(12,679)	(38,906)	32,530	36,492
Agriculture	360,977	(142,343)	(60,646)	74,743	(12,423)	220,308
Cargo	82,678	(12,182)	(2,064)	(2,930)	4,480	69,982
Abroad	994,365	(131,273)	(154,943)	(56,639)	69,628	721,138
Total	2,297,949	(366,045)	(314,202)	(47,431)	119,598	1,689,869

	Accumulated					
	Parent Company and Consolidated					
	January 1 to September 30, 2019					
	Written Premiums - Gross	Reinsurance Commission	Changes in Technical Provisions - Premium	Changes in Technical Provisions - Commission	Other Technical Provisions	Earned Premiums
Aviation	69,476	(4,455)	(249)	(319)	(941)	63,512
Motor	26,719	(5,440)	(6,506)	(317)	2,147	16,603
Mortgage	77,118	(4,810)	(10,982)	(875)	(229)	60,222
Marine	72,181	(1,293)	(7,771)	(156)	95	63,056
Nuclear	18,859	(1,093)	(6,948)	103	1,093	12,014
Property	1,093,677	(77,549)	(105,142)	(2,450)	9,919	918,455
Life	300,854	(20,489)	(2,347)	(11,647)	1,063	267,434
Oil & Gas	511,941	(89)	(144,982)	-	(338)	366,532
Liabilities	147,460	(14,298)	(23,615)	3	3,589	113,139
Financial risks	248,607	(95,521)	(50,389)	(24,000)	18,682	97,379
Agriculture	857,942	(303,828)	(85,092)	84,244	24,967	578,233
Cargo	219,677	(29,338)	(17,929)	(1,419)	3,990	174,981
Abroad	2,771,138	(370,359)	(381,433)	(21,546)	56,020	2,053,820
Total	6,415,649	(928,562)	(843,385)	21,621	120,057	4,785,380

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25.1 Premiums earned – main operating groups (retrocession - gross)

Quarter						
Parent Company and Consolidated						
July 1 to September 30, 2018						
	Written Premiums - Gross	Reinsurance Commission	Changes in Technical Provisions - Premium	Changes in Technical Provisions - Commission	Other Technical Provisions	Earned Premiums
Aviation	17,637	(1,816)	7,414	(769)	(536)	21,930
Motor	2,333	1,573	(28)	66	(3)	3,941
Mortgage	21,070	(1,938)	(3,315)	916	(124)	16,609
Marine	23,560	(1,186)	4,827	(77)	(170)	26,954
Nuclear	166	-	4,218	-	126	4,510
Property	187,555	(14,908)	124,832	(434)	2,755	299,800
Life	62,856	(6,272)	5,466	-	2,534	64,584
Oil & Gas	223,561	(170)	(52,942)	(759)	-	169,690
Liabilities	43,483	(3,632)	(10,910)	868	(31)	29,778
Financial risks	113,072	(48,161)	(31,187)	13,832	21,996	69,552
Agriculture	421,080	(104,189)	(180,746)	44,293	(50,743)	129,695
Cargo	62,047	(5,448)	(15,639)	380	859	42,199
Abroad	771,815	(109,506)	(47,073)	4,290	4,862	624,388
Total	1,950,235	(295,653)	(195,083)	62,606	(18,475)	1,503,630

Accumulated						
Parent Company and Consolidated						
January 1 to September 30, 2018						
	Written Premiums - Gross	Reinsurance Commission	Changes in Technical Provisions - Premium	Changes in Technical Provisions - Commission	Other Technical Provisions	Earned Premiums
Aviation	61,107	(5,508)	9,104	(323)	(856)	63,524
Motor	10,802	899	1,101	(499)	161	12,464
Mortgage	46,517	(2,766)	(5,958)	767	(5,152)	33,408
Marine	90,104	(1,188)	(17,235)	(866)	(144)	70,671
Nuclear	990	21	11,878	-	(112)	12,777
Property	917,122	(47,388)	(4,563)	4,609	(7,308)	862,472
Life	202,761	(22,489)	14,678	(5,754)	(4,260)	184,936
Oil & Gas	513,589	(1,453)	(90,383)	(440)	226	421,539
Liabilities	120,441	(9,411)	(24,722)	1,455	(129)	87,634
Financial risks	248,837	(98,852)	(44,871)	17,746	(5,053)	117,807
Agriculture	842,055	(215,671)	(169,134)	40,285	(76,397)	421,138
Cargo	184,744	(21,909)	(38,492)	4,290	2,876	131,509
Abroad	2,041,215	(272,095)	(127,003)	16,870	6,159	1,665,146
Total	5,280,284	(697,810)	(485,600)	78,140	(89,989)	4,085,025

25.2 Claims incurred – main operating groups (retrocession - gross)

Quarter				
Parent Company and Consolidated				
July 1 to September 30, 2019				
	Direct Claims	Salvages and reimbursements	IBNR variation	Claims Incurred
Aviation	(25,096)	(12,081)	(7,002)	(44,179)
Motor	(8,983)	81	942	(7,960)
Mortgage	(3,932)	-	(258)	(4,190)
Marine	(9,855)	750	(1,405)	(10,510)
Property	108,706	(162)	(12,338)	96,206
Life	(36,236)	25	(23,539)	(59,750)
Oil & Gas	(24,506)	-	(1,859)	(26,365)
Liabilities	21,698	2	10,811	32,511
Financial risks	(9,595)	1,431	882	(7,282)
Agriculture	(837,178)	71	(171,694)	(1,008,801)
Cargo	96,833	(2,358)	(8,033)	86,442
Abroad	(391,064)	(8,262)	(10,545)	(409,871)
Total	(1,119,208)	(20,503)	(224,038)	(1,363,749)

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25.2 Claims incurred – main operating groups (retrocession - gross)

				Quarter
				Parent Company and Consolidated
				July 1 to September 30, 2018
	Direct Claims	Salvages and reimbursements	IBNR variation	Claims Incurred
Aviation	6,838	208	19,061	26,107
Motor	(6,612)	60	(1,314)	(7,866)
Mortgage	(3,191)	-	(1,639)	(4,830)
Marine	(18,066)	-	1,555	(16,511)
Property	(175,093)	7,950	51,638	(115,505)
Life	(33,766)	6	(645)	(34,405)
Oil & Gas	(15,929)	-	3,501	(12,428)
Liabilities	(38,745)	-	(11,215)	(49,960)
Financial risks	(6,677)	39	(4,649)	(11,287)
Agriculture	(53,995)	6	1,978	(52,011)
Cargo	(22,183)	3,524	(20,810)	(39,469)
Abroad	(385,948)	9,607	(186,166)	(562,507)
	(753,367)	21,400	(148,705)	(880,672)

				Accumulated
				Parent Company and Consolidated
				January 1 to September 30, 2019
	Direct Claims	Salvages and reimbursements	IBNR variation	Claims Incurred
Aviation	(50)	352,232	44,580	396,762
Motor	7,131	597	22,042	29,770
Mortgage	(8,984)	-	3,093	(5,891)
Marine	(8,176)	1,016	5,197	(1,963)
Property	(444,630)	15,631	47,722	(381,277)
Life	(157,384)	48	(9,047)	(166,383)
Oil & Gas	(143,966)	-	(3,537)	(147,503)
Liabilities	62,912	21	35,436	98,369
Financial risks	9,352	7,561	53,535	70,448
Agriculture	(1,335,121)	673	(189,078)	(1,523,526)
Cargo	36,883	2,822	10,132	49,837
Abroad	(1,906,876)	(7,101)	49,600	(1,864,377)
	(3,888,909)	373,500	69,675	(3,445,734)

				Accumulated
				Parent Company and Consolidated
				January 1 to September 30, 2018
	Direct Claims	Salvages and reimbursements	IBNR variation	Claims Incurred
Aviation	6,573	717	83,029	90,319
Motor	(18,339)	68	(5,221)	(23,492)
Mortgage	(6,465)	-	2,313	(4,152)
Marine	(34,697)	15	1,074	(33,608)
Nuclear	(2)	-	-	(2)
Property	(336,942)	172,859	85,791	(78,292)
Life	(103,777)	6	(3,098)	(106,869)
Oil & Gas	(17,123)	-	13,444	(3,679)
Liabilities	(72,125)	381	(12,517)	(84,261)
Financial risks	(11,694)	2,920	11,700	2,926
Agriculture	(267,708)	1,761	(13,396)	(279,343)
Cargo	(83,224)	27,168	(17,592)	(73,648)
Abroad	(1,186,389)	11,697	(168,138)	(1,342,830)
	(2,131,912)	217,592	(22,611)	(1,936,931)

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25.3 Acquisition costs

	Quarter					
	Parent Company and Consolidated					
	July 1 to September 30, 2019			July 1 to September 30, 2018		
	Acquisition Costs	Change in Deferred Acquisition Costs	Total	Acquisition Costs	Change in Deferred Acquisition Costs	Total
Aviation	(1,284)	(194)	(1,478)	(994)	(97)	(1,091)
Motor	(108)	19	(89)	(87)	31	(56)
Mortgage	(265)	(64)	(329)	(114)	(111)	(225)
Marine	(457)	(853)	(1,310)	(1,126)	114	(1,012)
Property	(6,993)	2,486	(4,507)	(4,659)	643	(4,016)
Life	(649)	(180)	(829)	(200)	(576)	(776)
Oil & Gas	(4,997)	1,191	(3,806)	(8,207)	551	(7,656)
Liabilities	(993)	187	(806)	(430)	(96)	(526)
Financial risks	(774)	(108)	(882)	(267)	(54)	(321)
Agriculture	(1,063)	643	(420)	(938)	457	(481)
Cargo	(3,119)	(713)	(3,832)	(2,797)	860	(1,937)
Abroad	(29,092)	5,378	(23,714)	(23,322)	819	(22,503)
	(49,794)	7,792	(42,002)	(43,141)	2,541	(40,600)

	Accumulated					
	Parent Company and Consolidated					
	January 1 to September 30, 2019			January 1 to September 30, 2018		
	Acquisition Costs	Change in Deferred Acquisition Costs	Total	Acquisition Costs	Change in Deferred Acquisition Costs	Total
Aviation	(5,282)	1,152	(4,130)	(2,669)	(465)	(3,134)
Motor	(273)	49	(224)	(241)	30	(211)
Mortgage	(1,037)	238	(799)	(997)	262	(735)
Marine	(6,094)	1,544	(4,550)	(4,323)	1,441	(2,882)
Property	(20,941)	7,483	(13,458)	(14,712)	1,904	(12,808)
Life	(1,907)	(739)	(2,646)	(1,476)	(704)	(2,180)
Oil & Gas	(15,131)	2,869	(12,262)	(19,504)	1,774	(17,730)
Liabilities	(1,676)	(36)	(1,712)	(1,860)	328	(1,532)
Financial risks	(1,203)	(85)	(1,288)	(1,239)	229	(1,010)
Agriculture	(1,144)	212	(932)	(2,163)	729	(1,434)
Cargo	(7,081)	(1,449)	(8,530)	(8,676)	2,183	(6,493)
Abroad	(81,985)	14,023	(67,962)	(61,087)	4,440	(56,647)
	(143,754)	25,261	(118,493)	(118,947)	12,151	(106,796)

25.4 Income from retrocession

	Quarter		Accumulated	
	Parent Company and Consolidated		Parent Company and Consolidated	
	July 1 to September 30, 2019	July 1 to September 30, 2018	January 1 to September 30, 2019	January 1 to September 30, 2018
Revenues from retrocession	534,895	162,142	1,342,714	193,447
Recovery of claims incurred	371,052	177,934	1,178,544	353,576
IBNR recovery	163,843	(15,792)	164,170	(160,129)
Retrocession expenses	(560,839)	(461,602)	(1,477,515)	(1,266,114)
Premiums assigned in retrocession	(511,227)	(403,106)	(1,610,619)	(1,264,678)
Commission on premiums assigned in retrocession	29,596	22,171	89,420	75,728
Variation in technical provisions - Premium assigned	(77,316)	(84,313)	49,821	(72,315)
Variation in technical provisions - Commission assigned	(1,892)	3,646	(6,137)	(4,849)
Saved and reimbursed to retrocessionaire	(605)	(7,390)	(319,974)	(18,882)
Other results with retrocession	347	9,602	89,825	13,380
Total income with retrocession	(26,202)	(297,248)	(364,950)	(1,078,169)

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25.5 Other operating revenues and expenses

	Quarter	
	Parent Company and Consolidated	
	July 1 to September 30, 2019	July 1 to September 30, 2018
Profit sharing - reinsurance and retrocession	(21,332)	(11,662)
Reversal (constitution) of provision for credit risks	(214)	3,327
Recovery of other reinsurance revenue	(647)	(26)
Expense with risk inspection	(1,697)	(515)
Other operating revenues and expenses	(2,076)	(4,408)
	(25,966)	(13,284)

	Accumulated	
	Parent Company and Consolidated	
	January 1 to September 30, 2019	January 1 to September 30, 2018
Profit sharing - reinsurance and retrocession	(51,919)	(19,252)
Reversal (constitution) of provision for credit risks	(1,797)	3,979
Recovery of other reinsurance revenue	(1,370)	434
Expense with risk inspection	(2,348)	(1,955)
Other operating revenues and expenses	(5,294)	(11,724)
	(62,728)	(28,518)

25.6 Administrative expenses

	Quarter				Accumulated			
	Parent Company		Consolidated		Parent Company		Consolidated	
	July 1 to September 30, 2019	July 1 to September 30, 2018	July 1 to September 30, 2019	July 1 to September 30, 2018	January 1 to September 30, 2019	January 1 to September 30, 2018	January 1 to September 30, 2019	January 1 to September 30, 2018
Own staff	(26,690)	(23,769)	(23,540)	(23,992)	(105,544)	(88,266)	(110,631)	(88,886)
Third-party services	(9,278)	(6,513)	(9,418)	(7,106)	(26,156)	(15,844)	(27,032)	(17,160)
Location and operation	(17,398)	(15,598)	(14,953)	(15,905)	(54,183)	(49,993)	(54,292)	(56,720)
Advertising and propaganda	(3,709)	(3,042)	(3,727)	(3,042)	(6,057)	(5,130)	(6,075)	(5,130)
Court expenses	(116)	(174)	(154)	(174)	(225)	(4,913)	(263)	(4,913)
Other expenses	(706)	(1,456)	12,174	(7,847)	(1,833)	(4,000)	(1,845)	(11,705)
	(57,897)	(50,552)	(39,618)	(58,066)	(193,998)	(168,146)	(200,138)	(184,514)

25.7 Tax expenses

	Quarter				Accumulated			
	Parent Company		Consolidated		Parent Company		Consolidated	
	July 1 to September 30, 2019	July 1 to September 30, 2018	July 1 to September 30, 2019	July 1 to September 30, 2018	January 1 to September 30, 2019	January 1 to September 30, 2018	January 1 to September 30, 2019	January 1 to September 30, 2018
PIS/COFINS	(12,245)	(17,966)	(19,424)	(18,468)	(49,783)	(76,850)	(63,633)	(78,337)
Other taxes and fees	(4,699)	(10,788)	(5,377)	(11,024)	(12,297)	(21,759)	(13,869)	(22,680)
	(16,944)	(28,754)	(24,801)	(29,492)	(62,080)	(98,609)	(77,502)	(101,017)

(*) Includes PIS and COFINS on financial revenue.

25.8 Financial result

	Quarter			
	Parent Company		Consolidated	
	July 1 to September 30, 2019	July 1 to September 30, 2018	July 1 to September 30, 2019	July 1 to September 30, 2018
Financial income from investment portfolio	19,602	164,013	329,745 (*)	172,850
Financial income not arising from investment portfolio	(24,742)	(17,130)	(23,880)	(16,622)
	(5,140)	146,883	305,865	156,228

	Quarter			
	Parent Company		Consolidated	
	July 1 to September 30, 2019	July 1 to September 30, 2018	July 1 to September 30, 2019	July 1 to September 30, 2018
Financial Revenues				
Financial revenues from investment portfolio	299,826	322,700	647,033 (*)	332,658
Financial revenues not arising from investment portfolio	9,444	76,850	10,218	76,200
	309,270	399,550	657,251	408,858

	Quarter			
	Parent Company		Consolidated	
	July 1 to September 30, 2019	July 1 to September 30, 2018	July 1 to September 30, 2019	July 1 to September 30, 2018
Financial Expenses				
Financial expenses from investment portfolio	(280,224)	(158,687)	(317,288)	(159,808)
Financial expenses not arising from investment portfolio	(34,186)	(93,980)	(34,098)	(92,822)
	(314,410)	(252,667)	(351,386)	(252,630)

(*) (i) Income from financial instruments used to hedge assets, liabilities and reinsurance's operation revenue stream set directly by entities described in note 1.3; (ii) Result of exclusive investment funds managed by the subsidiary.

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25.8 Financial result

	Parent Company		Accumulated Consolidated	
	January 1 to September 30, 2019	January 1 to September 30, 2018	January 1 to September 30, 2019	January 1 to September 30, 2018
Financial income from investment portfolio	304,000	399,999	752,634 (*)	487,466
Financial income not arising from Investment portfolio	6,497	(135,846)	27,383	(128,089)
	310,497	264,153	780,017	359,377

Financial Revenues	Parent Company		Accumulated Consolidated	
	January 1 to September 30, 2019	January 1 to September 30, 2018	January 1 to September 30, 2019	January 1 to September 30, 2018
Financial revenues from investment portfolio	1,257,666	1,138,164	1,743,364 (*)	1,225,631
Financial revenues not arising from investment portfolio	154,182	123,526	175,068	130,463
	1,411,848	1,261,690	1,918,432	1,356,094

Financial Expenses	Parent Company		Accumulated Consolidated	
	January 1 to September 30, 2019	January 1 to September 30, 2018	January 1 to September 30, 2019	January 1 to September 30, 2018
Financial expenses from investment portfolio	(953,666)	(738,165)	(990,730)	(738,165)
Financial expenses not arising from investment portfolio	(147,685)	(259,372)	(147,685)	(258,552)
	(1,101,351)	(997,537)	(1,138,415)	(996,717)

(*) (i) Income from financial instruments used to hedge assets, liabilities and reinsurance's operation revenue stream set directly by entities described in note 1.3; (ii) Result of exclusive investment funds managed by the subsidiary.

25.9 Equity result

	Parent Company		Quarter Consolidated	
	July 1 to September 30, 2019	July 1 to September 30, 2018	July 1 to September 30, 2019	July 1 to September 30, 2018
Direct operating revenues (expenses) from investment properties	(78)	9,902	4,925	22,270
Equity result (subsidiaries)	23,117	8,727	-	-
Equity result (exclusive investment funds management by subsidiaries)	203,863	-	-	-
Provision (reversal) for investment impairment	-	5,360	-	5,388
Other equity revenues (expenses)	(77)	12	(301)	(16)
	226,825	24,001	4,624	27,642

	Parent Company		Accumulated Consolidated	
	January 1 to September 30, 2019	January 1 to September 30, 2018	January 1 to September 30, 2019	January 1 to September 30, 2018
Direct operating revenues (expenses) from investment properties	(237)	29,702	31,019	67,100
Equity result (subsidiaries)	159,628	77,763	-	-
Equity result (exclusive investment funds management by subsidiaries)	203,863	-	-	-
Provision (reversal) for investment impairment	8,438	6,482	8,438	6,510
Other equity revenues (expenses)	4,508	(12)	4,284	(40)
	376,200	113,935	43,741	73,570

The balances presented above refer to the Company's equity income accounted for in the quarter / current period, and represents the results determined by the parent company (IRB Brasil RE) through its subsidiaries (IRB Investimentos e Participações Imobiliários SA and IRB Asset Management) and its branches (London and Argentina), as presented in note 1.3.

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25.10 Income and social contribution taxes

(a) Reconciliation of income and social contribution taxes

	Quarter			
	Parent Company			
	July 1 to September 30, 2019		July 1 to September 30, 2018	
	Income Tax	Social Contribution	Income Tax	Social Contribution
Income before provision for Income Tax/ Social Contribution	378,709	378,709	363,404	363,404
Current nominal rates	25.0%	15.0%	25.0%	20.0%
Income tax and social contribution at nominal rate	(94,677)	(56,807)	(90,851)	(72,681)
Permanent Additions and Exclusions	103,262	61,978	87,084	17,569
Interest on Shareholders' Equity	15,466	9,280	15,098	12,079
Tax Incentives	(230)	(138)	(432)	(346)
Deduction Income Tax Current Incentives/Adjustments	(183)	-	1,461	-
Shareholding / Branches	84,356	50,614	6,962	5,570
Provision for Loss (pre-68 health plan)	(80)	(47)	606	364
Agricultural Insurance	-	-	64,044	-
Other Adjustments	3,933	2,269	(655)	(98)
Income Tax and Social Contribution in the Statements of income	8,585	5,171	(3,767)	(55,112)
Current	30,568	18,494	(3,174)	(54,948)
Deferred	(21,983)	(13,323)	(593)	(164)

	Accumulated			
	Parent Company			
	January 1 to September 30, 2019		January 1 to September 30, 2018	
	Income Tax	Social Contribution	Income Tax	Social Contribution
Income before provision for Income Tax/ Social Contribution	1,215,197	1,215,197	1,045,944	1,045,944
Current nominal rates	25.0%	15.0%	25.0%	20.0%
Income tax and social contribution at nominal rate	(303,799)	(182,280)	(261,486)	(209,189)
Permanent Additions and Exclusions	254,794	138,565	212,284	58,310
Interest on Shareholders' Equity	49,611	29,767	45,121	36,097
Tax Incentives	(583)	(350)	(575)	(460)
Deduction Income Tax Current Incentives/Adjustments	923	-	2,384	-
Shareholding / Branches	178,889	107,334	59,116	24,087
Provision for Loss (pre-68 health plan)	(1,256)	(753)	170	102
Agricultural Insurance	31,608	-	105,768	-
Other Adjustments	(4,398)	2,567	300	(1,516)
Income Tax and Social Contribution in the Statements of income	(49,005)	(43,715)	(49,202)	(150,879)
Current	(23,032)	(27,998)	(57,563)	(132,585)
Deferred	(25,973)	(15,717)	8,361	(18,294)

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25.10 Income and social contribution taxes
(a) Reconciliation of income and social contribution taxes

	Quarter			
	Consolidated			
	July 1 to September 30, 2019		July 1 to September 30, 2018	
	Income Tax	Social Contribution	Income Tax	Social Contribution
Income before provision for Income Tax/ Social Contribution	486,857	486,857	368,138	368,138
Current nominal rates	25.0%	15.0%	25.0%	20.0%
Income tax and social contribution at nominal rate	(121,715)	(73,029)	(92,035)	(73,628)
Permanent Additions and Exclusions	57,811	51,463	84,723	17,327
Interest on Shareholders' Equity	15,466	9,280	15,098	12,079
Tax Incentives	(230)	(138)	(432)	(346)
Deduction Income Tax Current Incentives/Adjustments	(183)	-	1,461	-
Shareholding / Branches	84,356	50,614	6,962	5,571
Provision for Loss (pre-68 health plan)	(80)	(47)	606	364
Agricultural Insurance	-	-	64,044	-
Other Adjustments	(41,518)	(8,246)	(3,016)	(341)
Income Tax and Social Contribution in the Statements of income	(63,904)	(21,566)	(7,312)	(56,301)
Current	24,739	15,821	(6,469)	(56,143)
Deferred	(88,643)	(37,387)	(843)	(158)

	Accumulated			
	Consolidated			
	January 1 to September 30, 2019		January 1 to September 30, 2018	
	Income Tax	Social Contribution	Income Tax	Social Contribution
Income before provision for Income Tax/ Social Contribution	1,339,618	1,339,618	1,082,027	1,082,027
Current nominal rates	25.0%	15.0%	25.0%	20.0%
Income tax and social contribution at nominal rate	(334,905)	(200,943)	(270,507)	(216,405)
Permanent Additions and Exclusions	201,831	125,798	194,720	56,028
Interest on Shareholders' Equity	49,611	29,767	45,121	36,097
Tax Incentives	(583)	(350)	(575)	(460)
Deduction Income Tax Current Incentives/Adjustments	923	-	2,384	-
Shareholding / Branches	178,889	107,334	59,116	24,087
Provision for Loss (pre-68 health plan)	(1,256)	(753)	170	102
Agricultural Insurance	31,608	-	105,768	-
Other Adjustments	(57,361)	(10,200)	(17,264)	(3,798)
Income Tax and Social Contribution in the Statements of income	(133,074)	(75,145)	(75,787)	(160,377)
Current	(38,565)	(34,198)	(70,533)	(137,277)
Deferred	(94,509)	(40,947)	(5,254)	(23,100)

Law 13169/2015

On October 6, 2015, Provisional Measure 675 was converted into Law 13,169/2015, raising the rate of CSLL for financial institutions and similar entities as defined in Article 22, Paragraph 1, of Law 8,212/1991, namely, credit, financing and investment companies, real estate credit companies, brokerage firms, securities distributors, leasing companies, credit cooperatives, private insurance and savings bond companies, independent private insurance and credit agencies and open and closed private pension plans.

The CSLL rate was raised from 15.0% to 20.0% for the period from September 1, 2015 to December 31, 2018. On January 1, 2019, the rate returned to 15.0%.

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25.10 Income and social contribution taxes

(b) Changes in deferred IRPJ and CSLL

	Parent Company and Consolidated					
	Balance on December 31, 2018	Additions	Write- Offs	Recognized in the Income	Recognized in Comprehensive Income	Balance on September 30, 2019
Deferred Tax Assets						
Provisions for Labor Lawsuits	180,753	9,432	-	9,432	-	190,185
Provision for Profit Sharing	5,510	6,200	-	6,200	-	11,710
Provision for Doubtful Debts	82,388	-	(43,619)	(43,619)	-	38,769
Provision for Tax and Social Security Contingencies	71,229	4,986	-	4,986	-	76,215
Adjustment to Market Value - Securities Available for Sale	9,396	-	(3,854)	-	(3,854)	5,542
Actuarial Gains or Losses - Post-Employment Benefits	(12,583)	(2,005)	-	(12,913)	10,906	(14,588)
Provision for Labor Contingencies	23,288	-	1,751	1,751	-	25,039
Adjustment to Market Value - Investment	2,141	-	(7,344)	(7,344)	-	(5,203)
Other Provisions	148,791	7,400	-	7,400	-	156,191
Total Deferred Tax Assets	510,913	26,013	(53,066)	(34,107)	7,052	483,860
	Balance on December 31, 2018	Additions	Write- Offs	Recognized in the Income	Recognized in Comprehensive Income	Balance on September 30, 2019
Deferred Tax Liabilities						
Restatement of Court Deposits	(91,159)	(7,583)	-	(7,583)	-	(98,742)
Total Deferred Tax Liabilities	(91,159)	(7,583)	-	(7,583)	-	(98,742)
Total Parent Company, Net	419,754	18,430	(53,066)	(41,690)	7,052	385,118
Adjustment to Market Value	(33,539)	-	-	(93,766)	-	(127,305)
Consolidated Net Total	386,215	18,430	(53,066)	(135,456)	7,052	257,813

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25.10 Income and social contribution taxes

(b) Changes in deferred IRPJ and CSLL

	Parent Company and Consolidated					
	Balances on December 31, 2017	Additions	Write- Offs	Recognized in the Income	Recognized in Comprehensive Income	Balances on December 31, 2018
Deferred Tax Assets						
Provisions for Labor Lawsuits	185,913	-	(5,160)	(5,160)	-	180,753
Provision for devaluation of investment	63,344	-	(63,344)	(63,344)	-	-
Provision for Profit Sharing	-	5,510	-	5,510	-	5,510
Provision for Doubtful Debts	104,455	-	(22,067)	(22,067)	-	82,388
Provision for Tax and Social Security Contingencies	64,407	6,822	-	6,822	-	71,229
Adjustment to Market Value - Securities Available for Sale	17,824	(8,428)	-	-	(8,428)	9,396
Actuarial Gains or Losses - Post-Employment Benefits	(14,752)	-	2,169	4,151	(1,982)	(12,583)
Provision for Labor Contingencies	23,354	(66)	-	(66)	-	23,288
Adjustment to Market Value - Investment	(16,486)	18,627	-	18,627	-	2,141
Other Provisions	1,201	147,590	-	147,590	-	148,791
Total Deferred Tax Assets	429,260	170,055	(88,402)	92,063	(10,410)	510,913
	Balances on December 31, 2017	Additions	Write- Offs	Recognized in the Income	Recognized in Comprehensive Income	Balances on December 31, 2018
Deferred Tax Liabilities						
Restatement of Court Deposits	(80,342)	(10,817)	-	(10,817)	-	(91,159)
Total Deferred Tax Liabilities	(80,342)	(10,817)	-	(10,817)	-	(91,159)
Total Parent Company, Net	348,918	159,238	(88,402)	81,246	(10,410)	419,754
Adjustment to Market Value	(13,148)	-	8,301	(28,692)	-	(33,539)
Consolidated Net Total	335,770	159,238	(80,101)	52,554	(10,410)	386,215

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25.10 Income and social contribution taxes

(c) Estimated realization of deferred credits

September 30, 2019				
	Parent Company		Consolidated	
	Provision for Deferred Taxes and Contributions	%	Provision for Deferred Taxes and Contributions	%
2019	44,749	12%	19,287	7%
2020	48,168	13%	35,438	14%
2021	84,626	22%	71,896	28%
2022	31,180	7%	31,180	12%
2023	30,686	8%	30,686	12%
Above 2023	145,709	38%	69,326	27%
Total	385,118	100%	257,813	100%

The projections of future taxable profits include estimates of exchange rates and levels of transactions, among others, which may not differ from the actual amounts.

26 Retirement and pension plans and other employee benefits

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

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

The Company offers the following benefits, as described in Note 26.4:

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

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The following key actuarial assumptions are used:

Economic assumptions	Post-employment benefit plan managed by PREVIRB		Post-employment benefit plan managed by IRB	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Actual discount rate (*)	3.50%	4.5%	3.50%	4.5%
Nominal rate of expected return from assets	INPC + 3,50% a.a.	INPC + 4,50% a.a.	INPC + 3,50% a.a.	INPC + 4,50% a.a.
Estimate on actual increase in salary	Plan A: Not adopted Plano B: 1%	Plan A: Not adopted Plano B: 1%	Health Plan: 0% Other Plans: Not Applicable	Health Plan: 0% Other Plans: Not Applicable
Estimated real salary growth of the INSS beneficiary with the highest salary	Zero	Zero	Not Applicable	Not Applicable
Estimated real growth of plan benefits	Zero	Zero	Not Applicable	Not Applicable
Assumptions on future generations of new entrants	Not adopted Plan A: Not adopted	Not adopted Plan A: Not adopted	Not Applicable Health Plan: 3%	Not Applicable Health Plan: 3%
Turnover assumptions	Plano B: 3%	Plano B: 3%	Other Plans: Not Applicable	Other Plans: Not Applicable
Determining factors of real value over time, INSS benefits and plan benefits	Not adopted	Not adopted	Not Applicable	Not Applicable
Demographic assumptions				
Life Table: Pre-68 Plan	Not Applicable	Not Applicable	AT-2000 downsized by 10%	AT-2000 downsized by 10%
Life Table: Other Plans	PLAN A: AT-2000 downsized by 10%/PLAN B: AT- 2000 M&F (downsized 10%) (D10)	PLAN A: AT-2000 downsized by 10%/PLAN B: AT- 2000 M&F (downsized 10%) (D10)	AT-2000 downsized by 10%	AT-2000 downsized by 10%
Disability entry table	MI 85	MI 85	MI 85	MI 85
Disability entry table	ÁLVARO VINDAS	ÁLVARO VINDAS	ÁLVARO VINDAS	ÁLVARO VINDAS

(*) The discount rate is calculated according to CVM Instruction 695, using the rate for Brazilian Federal Government bonds (NTN-B) as a base, indexed over expected post-employment benefits obligations periods.

Medical costs are expected to continue to rise in line with the experience of the plan over the last four (4) years. The HCCTR (Health Care Cost Trend Rate) was 4.9% p.a., in addition to an Aging Factor of 2.0% p.a. and overall inflation 4.0% p.a. This rate is applied evenly over the first nine (9) years. As from year ten, the rate reduces to 1.0% p.a.

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26.1 Variable contribution plans

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

The amount of contributions paid by the Company in the period was R\$8,526 (R\$10,286 at December 31, 2018), as per the terms in the plan regulations.

The actuarial valuation identified a technical surplus of R\$56,134 (R\$51,777 at December 31, 2018) in PREVIRB. In accordance with Brazil's accounting standards and the IFRS, this surplus is not shown in the books of the sponsor.

On September 30, 2019, PREVIRB set up a special reserve of R\$1,801 representing the surplus to be repaid to the sponsor of the defined benefit plans.

The Company accordingly recognized this sum in its financial statements, having met all the requirements of Private Pension Management Council (CGPC) Resolution 26, which deals with the conditions and procedures for the disposal and use of surpluses by private pension companies.

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

	September 30, 2019	December 31, 2018
Present value of actuarial liabilities at the beginning of the year	113,512	87,032
Cost of current services	127	80
Interest rate cost	6,457	4,068
Actuarial loss	28,943	29,280
Benefits paid	(2,493)	(6,948)
Present value of actuarial liabilities	146,546	113,512

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

	September 30, 2019	December 31, 2018
Initial fair value of the plan's assets	165,289	124,164
Return on investments	10,786	11,449
Employer contributions	10,588	10,286
Contributions of the plan's participants	11,806	10,286
Benefits paid	(2,493)	(6,948)
Return on assets	253	16,052
Final fair value of the plan's assets	196,229	165,289

The amount recognized in the Balance Sheet as the Company's liabilities related to this defined benefit plan is as follows:

	September 30, 2019	December 31, 2018
Present value of subsidized defined benefit liability	(146,546)	(113,512)
Fair value of the plan's assets	196,229	165,289
Financial situation	49,683	51,777
Asset ceiling effect	(49,683)	(51,777)
Net asset from defined benefit liability	-	-

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26.2 Defined benefit plans

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

Plan A

The amount of contributions paid by the Company in the period was R\$15 (R\$32 at December 31, 2018) at the rates specified in the plan regulations.

The actuarial valuation identified a technical surplus of R\$697,350 (R\$823,680 at December 31, 2018). In accordance with Brazil's accounting standards and IFRS, this surplus is not presented in the books of the sponsor.

On September 30, 2019, PREVIRB set up a special reserve of R\$196,136 representing the surplus to be repaid to the sponsor of the defined benefit plans.

The Company accordingly recognized this sum in its quarterly information, having met all the requirements of Private Pension Management Council (CGPC) Resolution 26, which deals with the conditions and procedures for the disposal and use of surpluses by private pension companies.

Changes in the present value of actuarial liabilities of Plan A during the period are as follows:

	September 30, 2019	December 31, 2018
Present value of actuarial liabilities at the beginning of the year	1,371,117	1,401,904
Interest rate cost	85,709	124,018
Actuarial loss	134,171	(44,369)
Benefits paid	(55,531)	(110,436)
Present value of actuarial liabilities	1,535,466	1,371,117

Changes in the fair value of Plan A's assets in the quarter were as follows:

	September 30, 2019	December 31, 2018
Initial fair value of the plan's assets	2,194,797	1,966,036
Return on investments	143,225	181,288
Employer contributions	22	32
Contributions of the plan's participants	22	55
Benefits paid	(55,531)	(110,436)
Return on assets	72,861	157,822
Final fair value of the plan's assets	2,355,396	2,194,797

The amount recognized in the balance sheet as the Company's liabilities related to this defined benefit plan is as follows:

	September 30, 2019	December 31, 2018
Present value of sponsored defined benefit liability	1,535,466	1,371,117
Fair value of the plan's assets	(2,355,396)	(2,194,797)
Financial situation	(819,930)	(823,680)
Asset limit effect	819,930	823,680
Net asset from defined benefit liability	-	-

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Details of the securities in guarantee of the PREVIRB Plan A Reserves are as follows:

	September 30, 2019	December 31, 2018
Cash	94	52
Receivables from investments		
Government bonds	143,774	1,545,597
Private credits and deposits	221,013	266,803
Shares	249,006	200,804
Investment funds	1,701,255	170,295
Property investments	83,391	84,718
Loans and financings	6,162	5,863
	2,404,695	2,274,132
Investment operating liabilities		
Other Liabilities (IOF) / Rent and Income	(6)	(1)
	(6)	(1)
Investment contingent liabilities	(26,291)	(26,291)
Guaranteeing funds	2,378,398	2,247,840

Pre-68 Plan

The Company has a technical provision to cover liabilities under the above-mentioned benefits, which were applicable to 215 members on September 30, 2019 (224 at December 31, 2018), consisting of 204 retirees with an average age of 84.95 years (84.62 years at December 31, 2018) and 11 pensioners with an average age of 84.86 years (84.36 years at December 31, 2018).

The benefits paid to these participants/beneficiaries during the period, under the plan regulations, amounted to R\$10,216 (R\$20,715 at December 31, 2018).

The actuarial valuation established the balance of provisions as R\$144,824 (R\$137,867 at December 31, 2018), in line with Brazil's accounting practices.

The adjusted amount of the debt agreement signed between IRB Brasil RE and PREVIRB in December 2015, transferring administrative responsibility for the payment of pension benefits under the pre-68 Plan, is R\$145,537 (R\$149,951 at December 31, 2018).

Since this group of participants is part of the Foundation's Plan A, the results of the Pre-68 Plan were included in the results of Plan A. The details are provided herein simply to facilitate an understanding of the methodology.

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

	September 30, 2019	December 31, 2018
Present value of actuarial liabilities at the beginning of the year	137,867	138,770
Interest rate cost	8,385	11,923
Actuarial loss	14,021	7,889
Benefits paid	(14,818)	(20,715)
Present value of actuarial liabilities	145,455	137,867

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

	September 30, 2019	December 31, 2018
Employer contributions	14,818	20,715
Benefits paid	(14,818)	(20,715)
Final fair value of the plan's assets	-	-

The amounts calculated in the earnings release of September 2019 and amounts forecast for the same period of 2020 are as follows:

	September 30, 2020	September 30, 2019
Interest rate cost	10,426	11,180
Expenses at the end of the period	10,426	11,180

The amount recognized in the Balance Sheet as the Company's liabilities related to this defined benefit plan are as follows:

	September 30, 2019	December 31, 2018
Present value of defined benefit liability	145,455	137,867
Fair value of assets	-	-
Financial situation	145,455	137,867
Restriction of contracted deficit	(1,406)	12,084
Net amount of defined benefit liability	144,049	149,951

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26.3 Other benefits to employees

Health and dental insurance

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

	September 30, 2019	December 31, 2018
Present value of actuarial liabilities at the beginning of the year	297,745	300,100
Cost of current services	130	117
Interest rate cost	18,163	25,985
Actuarial loss	25,112	(9,408)
Benefits paid	(15,386)	(19,049)
Present Value of Actuarial Liabilities	325,764	297,745

Changes in the fair value of Health Insurance's assets in the quarter were as follows:

	September 30, 2019	December 31, 2018
Employer contributions	10,968	12,857
Contributions of the plan's participants	4,418	6,192
Benefits paid	(15,386)	(19,049)
Final Fair Value of the Plan's Assets	-	-

The amounts calculated in the earnings release of September 2019 and amounts forecast for the same period of 2020 are as follows:

	September 30, 2020	September 30, 2019
Cost of current services	181	521
Interest rate cost	23,410	22,112
Expected value of employee contributions	(18,115)	(6,192)
Expenses at the End of the Period	5,476	16,441

The amount recognized in the Balance Sheet as Company's liabilities related to this defined benefit plan is as follows:

	September 30, 2019	December 31, 2018
Present value of sponsored defined benefit liability	(325,764)	(297,745)
Net Asset from Defined Benefit Liability	(325,764)	(297,745)

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Funeral allowance

Changes in the present value of liabilities for the Funeral Allowance during the period are as follows:

	September 30, 2019	December 31, 2018
Present value of actuarial liabilities at the beginning of the year	1,943	1,647
Interest rate cost	123	147
Actuarial (gain) / loss	(6)	163
Benefits paid	(26)	(14)
Present Value of Actuarial Liabilities	2,034	1,943

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

	September 30, 2019	December 31, 2018
Employer contributions	26	14
Benefits paid	(26)	(14)
Final Fair Value of the Plan's Assets	-	-

The amounts calculated in the earnings release of September 2019 and amounts forecast for the same period of 2020 are as follows:

	September 30, 2020	September 30, 2019
Interest rate cost	152	164
Expenses at the End of the Period	152	164

The amounts recognized in the balance sheet as Company's liabilities under this plan (funeral allowance) are as follows.

	September 30, 2019	December 31, 2018
Present value of sponsored defined benefit liability	(2,034)	(1,943)
Net Asset from Defined Benefit Liability	(2,034)	(1,943)

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Group life insurance

Changes in the present value of liabilities for Life Insurance during the period are as follows:

	September 30, 2019	December 31, 2018
Present value of actuarial liabilities at the beginning of the year	1,879	1,556
Interest rate cost	115	135
Actuarial loss	1,629	475
Benefits paid	(531)	(287)
Present Value of Actuarial Liabilities	3,092	1,879

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

	September 30, 2019	December 31, 2018
Employer contributions	531	287
Benefits paid	(531)	(287)
Final Fair Value of the Plan's Assets	-	-

The amounts calculated in the earnings release of September 2019 and amounts forecast for the same period of 2020 are as follows:

	September 30, 2020	September 30, 2019
Interest rate cost	224	154
Expenses at the end of the period	224	154

The amount recognized in the Balance Sheet as Company's liabilities related to this defined benefit plan is as follows:

	September 30, 2019	December 31, 2018
Present value of sponsored defined benefit liability	(3,092)	(1,879)
Net Asset from Defined Benefit Liability	(3,092)	(1,879)

26.4 Total obligations of IRB Brasil RE

Details of the provisions for post-employment benefits, for which IRB Brasil RE is liable, divided into current and non-current, are as follows:

	Parent Company and Consolidated	
	September 30, 2019	December 31, 2018
Current		
Supplementary retirement and pension plans (i)	19,654	19,593
Health and dental plan (ii)	19,576	18,679
Health and dental plan - provision for events occurred and not reported (ii)	527	365
Group Life Insurance (iii)	334	215
Funeral Allowance (iv)	99	111
	40,190	38,963
Non-Current		
Supplementary retirement and pension plans (i)	124,395	130,358
Health and dental plan (ii)	306,188	279,066
Group Life Insurance (iii)	2,758	1,664
Funeral Allowance (iv)	1,935	1,832
	435,276	412,920

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(i) Post-Employment Benefit - Retirement

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

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

Self-managed medical insurance plans (outpatients), surgical plans (in-patients), obstetric and dental plans, in addition to reimbursements and pharmaceutical benefits for active employees, retired employees and pensioners and their dependents: for employees hired on or before May 31, 2004. Dependents are spouses, children (up to 24 years old) and parents who earn less than one minimum salary. Only spouses and children (up to 24 years old) are considered as dependents of employees hired from June 1, 2004. For employees hired on or after October 14, 1996, IRB Brasil RE meets 50.0% of the cost of the plan, i.e. of the amounts for tables I and II (items 5.1.4 and 5.1.5 of section 1 of the Regulations of the PCAM (Medical Assistance Contribution Plan); the employees and beneficiaries pay the remaining 50.0%. For employees hired on or before October 13, 1996, the contribution of the employee and dependents varies from 0.3% to 2.0% of the items that make up the reference base for the salary. Contributions are deducted from the salary monthly, varying according to the date of admission, the amount of base salary (%) and the age bracket (tables).

(iii) Post-employment benefit – life insurance

For employees hired up to 1998, IRB Brasil RE pays 100.0% of the premium, and 50.0% for employees hired from 1999 onwards. Participation by employees is optional. Employees who retire based on their time of contribution may remain in the plan but must pay the full premium themselves. IRB Brasil RE pays the entire premium for employees who retire due to disability.

(iv) Post-employment benefit – funeral allowance

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

26.5 Consolidation of effects – Post-employment benefit

Consolidated totals of employee benefits and respective basis of accounting are shown below.

The following amounts were recognized in income for the period and in shareholders' equity as Other Comprehensive Income:

Total amount recognized in income for the nine-month period:

	Defined Benefit		Other Benefits		Other provisions (PEONA)		Total	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Cost of the service	-	-	130	88	-	-	130	88
Interest rate cost	8,385	8,943	18,401	19,701	-	-	26,786	28,644
Contributions paid	22	25	10,588	7,906	-	-	10,610	7,931
Other changes	-	-	-	-	162	92	162	92
Total amounts recognized	8,407	8,968	29,119	27,695	162	92	37,688	36,755

Total recognized in the statement of comprehensive income:

	Defined Benefit		Other Benefits		Total	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Actuarial (Gain) / Loss	14,021	(4,339)	26,735	(33,988)	40,756	(38,327)
Other changes	(13,490)	7,933	-	-	(13,490)	7,933
Total amounts recognized	531	3,594	26,735	(33,988)	27,266	(30,394)

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26.6 Sensitivity analysis

Per CPC33 – “Employee Benefits”, Management’s sensitivity analysis for the financial and actuarial assumptions considered critical is as follows:

Sensitivity to discount rate

PLAN A	Actual Rate	2.5%	3.0%	4.0%	4.5%
	Nominal Rate (*)	6.6%	7.1%	8.2%	8.7%
	Defined Benefit Liability	1,703,234	1,615,646	1,461,167	1,392,892
	Impact on main scenario	167,765	80,177	(74,301)	(142,577)
PLAN B	Actual Rate	2.5%	3.0%	4.0%	4.5%
	Nominal Rate (*)	6.6%	7.1%	8.2%	8.7%
	Defined Benefit Liability	150,286	148,323	144,932	143,463
	Impact on main scenario	3,740	1,777	(1,614)	(3,083)
PRE 68	Actual Rate	2.5%	3.0%	4.0%	4.5%
	Nominal Rate (*)	6.6%	7.1%	8.2%	8.7%
	Defined Benefit Liability	155,489	150,327	140,852	136,498
	Impact on main scenario	10,034	4,872	(4,603)	(8,957)
Health Insurance	Actual Rate	2.5%	3.0%	4.0%	4.5%
	Nominal Rate (*)	6.6%	7.1%	8.2%	8.7%
	Defined Benefit Liability	363,481	343,781	309,242	294,059
	Impact on main scenario	37,718	18,018	(16,521)	(31,704)
Funeral Allowance	Actual Rate	2.5%	3.0%	4.0%	4.5%
	Nominal Rate (*)	6.6%	7.1%	8.2%	8.7%
	Defined Benefit Liability	2,355	2,185	1,900	1,780
	Impact on main scenario	320	151	(134)	(255)
Life Insurance	Actual Rate	2.5%	3.0%	4.0%	4.5%
	Nominal Rate (*)	6.6%	7.1%	8.2%	8.7%
	Defined Benefit Liability	3,336	3,211	2,982	2,878
	Impact on main scenario	244	118	(111)	(215)

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Sensitivity to mortality table – BR-EMS 2015

PLAN A	Actual Rate	2.5%	3.0%	4.0%	4.5%
	Nominal Rate (*)	6.6%	7.1%	8.2%	8.7%
	Defined Benefit Liability	1,786,633	1,690,763	1,522,513	1,448,509
	Impact on main scenario	251,164	155,294	(12,956)	(86,959)
PLAN B	Actual Rate	2.5%	3.0%	4.0%	4.5%
	Nominal Rate (*)	6.6%	7.1%	8.2%	8.7%
	Defined Benefit Liability	150,399	148,424	145,015	143,537
	Impact on main scenario	3,853	1,878	(1,531)	(3,009)
PRE 68	Actual Rate	2.5%	3.0%	4.0%	4.5%
	Nominal Rate (*)	6.6%	7.1%	8.2%	8.7%
	Defined Benefit Liability	165,110	159,326	148,750	143,909
	Impact on main scenario	19,655	13,871	3,295	(1,546)
Health Insurance	Actual Rate	2.5%	3.0%	4.0%	4.5%
	Nominal Rate (*)	6.6%	7.1%	8.2%	8.7%
	Defined Benefit Liability	387,894	365,961	327,696	310,955
	Impact on main scenario	62,131	40,198	1,933	(14,808)
Funeral Allowance	Actual Rate	2.5%	3.0%	4.0%	4.5%
	Nominal Rate (*)	6.6%	7.1%	8.2%	8.7%
	Defined Benefit Liability	2,288	2,112	1,820	1,697
	Impact on main scenario	253	78	(215)	(337)
Life Insurance	Actual Rate	2.5%	3.0%	4.0%	4.5%
	Nominal Rate (*)	6.6%	7.1%	8.2%	8.7%
	Defined Benefit Liability	3,508	3,371	3,123	3,010
	Impact on main scenario	415	278	30	(82)

(*) Considers inflation.

Section F - Accounting policies

27 Significant accounting policies

The significant accounting policies applied in preparing this quarterly information are shown below. These policies have been applied consistently for the quarters shown, except as otherwise indicated.

27.1 Translation of foreign currency

(a) Functional currency and presentation currency

The items shown in the parent company and consolidated quarterly information are measured in the currency of our main economic operating environment (the "functional currency"). The consolidated quarterly information is presented in Brazilian Reais (Real), the Company's functional currency.

(b) Transactions and balance

In preparing the parent company and consolidated quarterly information, transactions in foreign currency, i.e. any currency other than the functional currency of each Company, are recorded at the exchange rate ruling on the transaction date. At the end of each quarter, monetary items in foreign currency are reconverted at the current rates. Non-monetary items in foreign currency registered at fair value are reconverted at the rates in force on the date when the fair value is determined. Non-monetary items measured at historical cost in foreign currency are converted at the rate ruling on the transaction date.

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

(c) Subsidiaries with a different operating currency

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

- (i) Assets and liabilities in the Balance Sheet presented are converted at the rate on the closing date.
- (ii) Revenues and expenses for each statement of income are converted at the average rate of exchange (unless this does not give a reasonable approximation of the cumulative effect of the rates in force on the dates of the transactions, in which case revenue and expenses are converted at the rate in force on the dates of the transactions).
- (iii) All resulting exchange differences are recognized as a separate component of shareholders' equity, in the "cumulative translation adjustments" account.

27.2 Cash and cash equivalents

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

27.3 Financial assets

27.3.1 Classification

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

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

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

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

(b) Loans and receivables

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

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

(c) Financial assets available for sale

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

(d) Investments held to maturity

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

27.3.2 Recognition and Measurement

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

Gains and losses arising from changes in the fair value of financial assets measured at fair value through profit or loss are shown in the statement of income as "Financial revenue and expenses" in the quarter in which they occur.

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

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

Interest on securities available for sale, calculated according to the effective interest rate method, is recognized in the Statements of income as "other revenue".

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

Fair value of listed investments is based on current purchase prices. If there is no active market for a financial asset (including unlisted securities), the Company uses valuation techniques to determine the fair value. These techniques include the use of recent transactions with third parties for other instruments which are substantially similar, an analysis of

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discounted cash flow and option pricing models which use market information as far as possible, and with as little input from the Company's Management as possible.

27.3.3 Offsetting financial instruments

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

27.3.4 Impairment of financial assets

(a) Assets measured at amortized cost

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

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

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

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

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

(b) Assets classified as available for sale

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

27.4 Classification of reinsurance contracts

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

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

27.5 Intangible assets**(a) Intangible assets acquired separately**

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

(b) Write-off of intangible assets

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

27.6 Property and equipment**Property and equipment for own use**

Property, Plant & Equipment for own use consists of property, equipment, fittings and fixtures, vehicles, machines and utensils used in the Reinsurer's business. Property and Equipment for own use are generally shown at historic cost. Properties for own use (land and buildings) are shown at historic cost revalued on December 31, 2004, based on the reports of independent experts. In accordance with CPC 01 (R1) – "Impairment", no further revaluations have been undertaken.

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

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

Land is not depreciated. The depreciation of other assets is calculated on the straight-line basis, to allocate costs, less any residual value, over their useful lives, as follows:

	Rate of depreciation (p.a) - %	Years
Buildings	4.0	25
Furniture and fixtures	10.0	10
IT equipment	20.0	5
Vehicles	20.0	5

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

27.7 Investment properties

The Reinsurer holds 100.0% of the shares of IRB Investimentos e Participações Imobiliárias S.A., which owns certain commercial properties leased to third parties under operating leases, as defined in CPC 06 (R1) - Leasing Operations. The Reinsurer uses the depreciated cost model (the cost method defined in CPC 28 - Investment Property) to value these assets.

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

27.8 Impairment of non-financial assets

Non-financial assets (including intangible assets) are assessed for impairment on the occurrence of events or circumstances indicating that the book value may not be recoverable. An impairment loss is recognized in the income for the quarter through the difference between the book value and recoverable value. The recoverable value is defined by CPC 01 (R1) – "Impairment" as the greater of value in use and the fair value of the asset (minus selling costs). When testing non-financial assets for impairment, they are grouped at the lowest level for which the Reinsurer can identify individual cash flow, defined as a cash-generating unit (CGU).

27.9 Provisions

(a) Technical provisions

- A provision for unearned premiums on risks in force and issued (PPNG-RVE) is set up to cover premiums written during the quarter for unexpired risks under the contracts. The purpose is to cover future expenses, including claims to be paid by IRB Brasil RE. The provision is calculated based on the anticipated exposure for each contract. To supplement this provision, a further provision is set up for risks in force but not issued (PPNG-RVNE), calculated based on an actuarial estimate (as described in a technical actuarial note) of existing risks for which contracts have not yet been issued.
- A provision for unsettled claims (PSL) is set up for the estimated sum to be indemnified indicated in claim reports received from the reinsurance and insurance companies. The provision is adjusted daily based on the analyses undertaken by the operating and legal areas. The balance of the PSL includes a provision for claims incurred but not enough reported, described below.

The provision for claims incurred but not enough reported (IBNER), relating to operations in Brazil and abroad, is set up according to actuarial assumptions defined in a technical note or in the reports of independent actuaries, to cover developments under claims reported but not yet paid on the date of the calculation. These amounts may be altered over the period of the process, until it is settled.

- The provision for claims incurred but not reported (IBNR), relating to operations in Brazil and abroad, is set up according to actuarial assumptions defined in a technical note or reports of independent actuaries.
- A provision for technical surpluses (PET) is set up to guarantee distribution of these surpluses under existing contracts.
- A provision must be set up for related expenses (PDR), to cover claims adjustment costs, and a provision for supplementary coverage (PCC), when the Company's total liabilities are tested for adequacy and found to be insufficient.

(b) Liability adequacy test (LAT)

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

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

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

The present value of estimated cash flow was calculated based on the term structure of interest rates published by SUSEP, which uses the Svensson model, for the base date referring to the IPCA coupon, fixed-rate and exchange rate coupon risk factors.

IRB Brasil RE has its life insurance products structured without a simple repayment scheme, so no mortality tables are used for the cash flow project.

The claim assumption used in LAT is calculated considering the estimate arising from the claims incurred, considering the Company's historical experience.

The current estimate of cash flows from retrocession contracts was calculated based on the flows of reinsurance contracts, considering the proportion between the retrocession asset and the corresponding technical provision.

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

(c) Legal provisions, contingent liabilities and contingent assets

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

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

Contingent assets are assessed regularly to ensure that any changes are correctly reflected in the parent company and consolidated quarterly information. If it is practically certain that economic benefits will arise, the asset and the corresponding gain are recognized in the parent company and consolidated quarterly information for the quarter in which the estimate is changed. If an inflow of economic benefits becomes likely, the Company reports the contingent asset.

27.10 Income tax (IRPJ) and social contribution (CSLL) – Current and deferred

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

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

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

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

Deferred tax assets and liabilities are measured at the rates applicable in the quarter when it is expected that the liability will be settled or the asset realized, based on the rates indicated in the tax legislation in force at the end of each quarter, or when new legislation has been substantially approved. Currently the rates are 25.0% for income tax and 15.0% for social contribution. The measurement of deferred tax assets and liabilities reflects the tax consequences resulting from the extent to which the Company expects to recover or settle their book value at the end of each quarter.

27.11 Benefits to employees

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

(a) Retirement benefits

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

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

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

(b) Other post-employment benefits

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

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

27.12 Share capital

Common and preferred shares are classified in shareholders' equity.

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

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

27.13 Dividends

The distribution of minimum mandatory dividends proposed by the Board of Directors is recorded as a liability under the heading of obligations payable, since this is a legal obligation under the Company's Bylaws; however, any additional dividends proposed and declared by Management after the end of the accounting period to which the consolidated quarterly information refer, but not yet approved by a shareholders' meeting, are recorded in shareholders' equity under the heading of proposed distribution of additional dividends.

27.14 Recognition of revenue

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

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

(a) Reinsurance premiums

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

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

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

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

(b) Revenue from dividends and interest

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

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

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27.15 Claims expenses and commission

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

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

27.16 Statements of comprehensive income

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

27.17 New accounting standards, amendments and interpretations of standards

The following new standards and interpretations of accounting standards issued by the IASB came into force on January 1, 2018.

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

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

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

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

In 2017, Management assessed the effect of the amendments to IFRS 4/CPC 11 in the parent company and the consolidated accounts and concluded that in both cases its activities were predominantly related to insurance on the date base of December 31, 2015. There were no significant changes in the Company's activities up to September 2019 which would require a new assessment. Management verified that IRB Brasil RE meets the criteria for eligibility for a temporary exemption under IFRS 9/CPC 48 and opted to postpone the application of IFRS 9/CPC 48 until the effective date of the new standard for insurance contracts (IFRS 17). IRB Brasil RE has therefore decided to apply the temporary exemption under IFRS 9/CPC 48 and will continue to apply IAS 39/CPC 48 to its financial assets and liabilities as from January 1, 2018, until IFRS 17 comes into force.

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

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

- (i) Financial assets will be measured at amortized cost if they are held within a business model aimed at collecting contractual cash flow (the “Hold to collect” business model).
- (ii) Financial assets will be measured at fair value through other comprehensive income if they are held within a business model aimed both at collecting contractual cash flow and at selling the financial assets (the “Hold to collect and sell” business model).

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- (iii) Financial assets will be measured at fair value through profit or loss if they do not meet the criteria for either the "Hold to collect" or the "Hold to collect and sell" business model.
- (iv) The entities also have the option of designating a financial asset as measured at fair value through profit or loss if this eliminates or significantly reduces inconsistency in the measurement or recognition (an accounting inconsistency).

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

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

Fair Value of Financial Assets at the End of the Period

	Fair Value on September 30, 2019	Fair value change between December 31, 2018 and September 30, 2019
Financial Assets - SPPIs	11,729,962	(3,815)
Cash and Cash Equivalents	57,770	-
Credits of Operations		
Insurers and Reinsurers	5,191,120	(1,797)
Securities and Credits Receivable	1,785,610	-
Fixed Income Securities - Listed		
Financial Treasury Bills (i)	3,232,516	(990)
National Treasury Notes	72,424	(1,605)
Repurchase Agreements	181,363	-
Sovereign Debt Securities	848,323	588
Fixed Income Securities - Private		
Financial Bills	53,724	(11)
Variable Income Securities		
Shares of national companies	38,527	-
Investments Abroad		
Fixed Term Deposit Abroad (iv)	268,585	-
Other Financial Assets	207,434	605
Investment fund shares		
Shares in Non-Exclusive Funds	79,965	(43)
Fixed Income Securities - Private		
Debentures	86,459	(23)
Commercial notes	1,143	-
Shares in Real Estate Investment Funds		
Exclusive Real Estate Funds	32,033	1,129
Investments Abroad		
American Deposits Receipt (ii)	7,834	(458)
Total	11,937,396	(3,210)

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

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Classification of the degree of credit risk

	Credit risk	Book Value on September 30, 2019
Financial Assets - SPPIs		
Cash and Cash Equivalents		57,770
Credits of Operations		
Insurers and Reinsurers		4,903,676
	moderate	287,444
Securities and Credits Receivable	low	1,785,610
Fixed Income Securities - Listed		
Financial Treasury Bills (i)	low	3,232,516
National Treasury Notes	low	72,424
Repurchase Agreements	low	181,363
Sovereign Debt Securities	low	848,323
Fixed Income Securities - Private		
Financial Bills	low	53,724
Variable Income Securities		38,527
Investments Abroad		
Fixed Term Deposit Abroad (iv)	low	268,585
American Deposits Receipt (ii)	low	7,834
Investment fund shares		
Shares in Non-Exclusive Funds		
Fixed Income Securities - Private	low	79,965
Debentures	low	86,459
Commercial notes	low	1,143
Shares in Real Estate Investment Funds		
Exclusive Real Estate Funds	low	32,033

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

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

The Company applied the modified retrospective approach, without updating the comparative information of lease contracts for the leasing of vehicles and the property that houses the São Paulo branch. The right-of-use asset and the lease liability in the Company's balance sheet were measured based on the discounted remaining lease payments using the leaseholder's incremental rate (6.5% p.a.) on the date of first adoption (Notes 14 and 16). For this reason, there will be no cumulative effects to be recognized as an adjustment to the opening balance of retained earnings on January 1, 2019. Contracts with terms shorter than twelve months were disregarded, as well as low-value lease contracts with printers.

The following new standards were issued by the IASB but are not yet in effect for 2018. The early adoption of standards, although encouraged by the IASB, is not permitted in Brazil by the CPC.

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

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

Under the variable commission approach, the insurer's share of the changes in fair value of underlying items is included

Notes to the quarterly information - ITR at September 30, 2019

In thousands of Reais, except when stated otherwise

in the contractual service margin. Therefore, changes in fair value are not recognized in income in the period in which they arise, but over the remaining life of the contract.

IFRS 17 applies to reporting periods beginning on or after January 1, 2021, but in November 2018, the IASB was in favor of extending the implementation of this standard to January 1, 2022. IFRS 17 may be applied retrospectively, according to IAS 8- Accounting Policies, Changes to Estimates and Error Rectification, but it also provides for the “modified retrospective approach” and the “fair value approach”, depending on the availability of information. The Company is assessing the overall impact of adopting this standard.

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

28 Key accounting estimates and assumptions

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

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

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

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

(a) Estimates and judgments used for valuing reinsurance liabilities

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

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

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

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

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

(c) Estimates used for calculating impairment of financial assets

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

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

(d) Estimate of fair value of financial instruments

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

(e) Estimates and judgments to determine retirement benefits

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

* * *

José Carlos Cardoso
Chairman

Fernando Passos
Deputy CEO, Chief Financial and Investor Relations Officer

Lúcia Maria da Silva Valle
Risk and Compliance Vice President

Paulo Daniel Araújo da Rocha
Accountant
CRC RJ - 095001/O-5

Rodrigo de Valnisio
Actuary
MIBA 1573

LEGAL OPINION OF THE FISCAL COUNCIL

The FISCAL COUNCIL of IRB-BRASIL RESSEGUROS S.A., under its legal and statutory assignments, analyzed the Parent company and consolidated quarterly information of IRB Brasil RE, within the Quarterly Earnings Form, referring to the quarter ended September 30, 2019. Based on this analysis and given the unqualified opinion issued by PricewaterhouseCoopers Auditores Independentes on August 05, 2019, the Fiscal Council believes that these documents adequately reflect the Company's equity and financial situation, as well as the operations carried out by the Company in the period, as per Article 25 of CVM Instruction 480, of December 7, 2009.

Rio de Janeiro, November 05, 2019

REGINALDO JOSÉ CAMILO
Chairman

OTAVIO LADEIRA DE MEDEIROS
Fiscal Council's Member

GABRIELA SOARES PEDERCINI
Fiscal Council's Member

PEDRO BRAMONT
Fiscal Council's Member

AUDIT COMMITTEE'S REPORT

The AUDIT COMMITTEE of IRB-BRASIL RESSEGUROS S.A., under its legal and statutory assignments, analyzed the Parent company and consolidated quarterly information of IRB Brasil RE, within the Quarterly Earnings Form, referring to the quarter ended September 30, 2019. Based on this review and given the unqualified opinion issued by PricewaterhouseCoopers Auditores Independentes on November 05, 2019, the Audit Committee believes that these documents adequately reflect the Company's equity and financial situation, as well as the operations carried out by the Company in the period, as per Article 25 of CVM Instruction 480, of December 7, 2009.

Rio de Janeiro, November 05, 2019

JERÔNIMO ANTUNES
Coordinator

MARIA ELENA BIDINO
Member

ADRIANA QUEIROZ DE CARVALHO
Member

ROBERTO WESTENBERGER
Member

BOARD OF DIRECTOR'S OPINION

The BOARD OF DIRECTORS of IRB-BRASIL RESSEGUROS S.A. assessed the Parent company and consolidated quarterly information of IRB Brasil RE, within the Quarterly Earnings Form, referring to the quarter ended September 30, 2019, with the unqualified Report from PricewaterhouseCoopers Auditores Independentes, the favorable Expert Opinion of the Fiscal Council and the favorable Expert Opinion of the Audit Committee. The Board of Directors reached the conclusion that all documents evaluated are accurate and, therefore, unanimously approving them.

Rio de Janeiro, November 05, 2019

Ivan de Souza Monteiro
Chairman

Osvaldo do Nascimento
Board Member

Werner Romera Süffert
Board Member

Thais Ricarte Peters
Board Member

Ivan Luiz Gontijo Junior
Board Member

Maria Elena Bidino
Board Member

Roberto Dagnoni
Board Member

Marcos Bastos Rocha
Board Member