



Itaú Insurance

Principles for Sustainable Insurance

2014-2015 Report



Since 1921, Itaú's insurance company has been operating in the insurance sector, serving businesses and individuals, providing specific products and offering dedicated assistance for projects in the most diverse sectors, such as civil construction, the chemical and petrochemical industries, power generation, infrastructure, transportation, aviation and others.

In the small and medium business segment, our aim is to offer simple, effective solutions so as to better serve our customers' needs, especially with respect to property insurance and group life insurance products.

For individuals, we offer products in the areas of individual life insurance, personal injury insurance, loan protection insurance, travel insurance, capitalization bonds and extended warranty insurance.

In line with our strategy of pursuing the sustainable performance of our business lines, we were one of the first companies to adhere to the Principles for Sustainable Insurance (PSI), in 2012. Launched by the United Nations at the Rio+20 Conference, the PSI's main objective is to orient the insurance industry to evaluate socio-environmental and governance issues in the management of its businesses.

Sustainability Management and Governance

The inclusion of sustainability as a management strategy in all of our operating units depends on an active governance structure. Accordingly, in 2012, we launched a new sustainability governance structure. Furthermore, in 2013, we created specific committees to discuss several themes relevant to our sustainable performance directly with our business units.

One of these committees is the Insurance Specific Committee, which consists of a director, superintendents and managers and whose aim is to integrate sustainability initiatives into our insurance division's business, identify possible risks and opportunities and provide business guidelines.

In 2014, we set the committees in motion and outlined action plans for 2015, seeking increasing improvements in our management of processes and governance. (Principle 1)

Socio-Environmental Risk Management and Underwriting

Our Socio-Environmental Risk Policy includes social and environmental guidelines applicable to our personal insurance operations and permeates all of our business lines, considering the specifics of each product, service or process. It defines rules for managing activities that represent socio-environmental risks, independent of the product or service marketed, and provides general and specific guidelines for risk analysis, which take into account the following practices:

- Exploitation of workers under slave-like working conditions
- Exploitation of child labor
- Prostitution
- Socio-environmental risks associated with specific economic activities
- Contractual clauses involving social and environmental issues
- Specific social and environmental criteria in underwriting general and environmental liability insurance

The above practices are mainly associated with areas that are more sensitive, which deal with the production or commerce of firearms, munitions and explosives; the extraction and production of lumber, firewood and charcoal from native forests; fishing activities; and asbestos extraction and industrialization.



Training regulators

In 2014, we trained all service providers directly involved in the insurance claim regulatory process.

We began offering workshops to train service-providing companies with respect to sustainability principles; accordingly, we are able to guarantee that such third parties are aligned with the principles and initiatives of our insurance business. (Principle 1)

Development of Products and Services

We developed a tool for evaluating new products' adherence to the PSI: Itaú Insurance employees answer a questionnaire containing questions relating to the principles, and, at the end, the questionnaire provides a score as to whether the product adheres to the PSI. This tool leads our employees to consider and include ESG issues in new products.

In 2014, we extended this tool to all of our insurance types. While constructing the tool, we considered the differences between businesses and individuals and were thus able to adapt ourselves to each kind of business. (Principle 1)

Projects Related to the Principles:

Tools for Communication in Catastrophes – Itaú 24-hour assistance

Our “Tools for Communication in Catastrophes” project is aimed at reminding our customers that their insurance policies provide 24-hour assistance and at informing them as to how to take advantage of such services in emergency situations. Such communication is especially important in times of vulnerability, when people need help but rarely remember to resort to the additional coverage offered by their insurance policies. This is a further initiative to increase transparency and strengthen our ties with customers.

We adopt proactive measures in our communications with customers that enjoy 24-hour assistance services tied to Itaú Insurance products. We monitor areas affected by catastrophes in Brazil and abroad, and we send text messages to the cell phones of customers that are in such regions, reminding them that they possess such protection and that they can count on our support. We also offer psychological assistance for family members and customers victimized by large-scale accidents. (Principles 1, 2 and 3)

Electronic Acceptance of Itaú Unibanco Business Insurance Contracts

Initially, our “remote formalization” (electronic acceptance) project was implemented for Individual Life Insurance and Personal Injury Protection Insurance. In 2014, we were able to expand the project to include insurance for businesses (Business Insurance, Global Life Insurance and Partner Life Insurance).

The Remote Formalization Project promotes transparency and quality in the sale of Itaú Unibanco's insurance policies. Customers enjoy the option of confirming their acceptance of insurance contracts with greater convenience (via ATM machine, telephone, internet banking or mobile) using their bank account passwords. They can check the contractual conditions and, if such conditions are not in line with their needs, they can reject the offer.



Through the project, we sought to upgrade our processes and improve the quality of our insurance sales. The project's main objective is to increase customer retention and satisfaction, thus reducing the volume of insurance policy cancellations and the number of complaints filed with our service centers and with regulatory and consumer-defense agencies.

The project's foremost challenge was to develop IT systems (interfaces and apps) adapted to each channel (internet banking, telephone, ATM machine and mobile) and in line with legal regulations, rules related to brand, marketing, risk and sustainability, and other processes and policies of the organization.

The PIC Partnership and Ayrton Senna Institute

The Itaú Capitalization Plan (PIC, in Portuguese) formed a partnership with the Ayrton Senna Institute, which is a non-profit organization aimed at expanding children's and young people's opportunities through education.

The partnership began in August 2014. Itaú allocates part of the revenue earned monthly from negotiable instruments contracted by the Bank's account holders. By May 2015, such allocations contributed to projects that assisted over 30,000 children and youths in Brazil.

Through the partnership, in addition to collaborating with Ayrton Senna Institute projects, customers are given the opportunity to participate in an initiative that contributes to society, as well as enjoying the already recognized benefits of purchasing a PIC.

Claim Payment Waiting Periods

Considering the ESG issues in our operation, our Life Insurance Claims and Property Insurance Claims departments have been making efforts to make our relationship with the insured party at the critical moment of a claim as transparent as possible, facilitating insurer-insured contact, through clear, objective information and continuous improvement of our processes.

We focus on speeding up the analysis process, seeking to reduce the waiting time for the payment of claims.

In January 2013, the average waiting time for payment of the aforementioned operations was 20 calendar days after communication of the claim. Today, we have reduced this period by 50%, an average waiting time of 10 calendar days.

Approximately 80,000 claims are paid yearly, involving a total of over R\$ 1 billion. (Principles 1, 2 and 3)

Introduction of the Environmental Expert into the Claim Regulatory Process

We adopt the practice of contracting environmental experts to participate in the claim regulation process, applying their knowledge to the orientation of regulators and insured parties as to proper waste disposal,

with respect to both the sale and disposal, thus avoiding environmental damage and mitigating joint liability risks involving the insurer-insured relationship.



Extended Warranty Insurance

With regard to Extended Warranty Insurance, our expansion plan for proper waste collection and disposal in 2014 led to the collection of 19 tons of products and parts at tech service centers and customers' homes. When it is impossible to repair and ensure the perfect functioning of such products, our insurance company indemnifies the customer with a new product and retains the defective product, which is known as salvaged material.

The 42% increase in such waste collection in 2014 (in comparison with 2013) minimizes the chances of improper disposal of such products into the environment.

There was a significant increase in the number of serviced areas with fixed collection routes, especially in Brazil's northeastern and southern regions, São Paulo, Rio de Janeiro and Minas Gerais. In other Brazilian regions, the collection model depends on the demands of the tech service centers and customers.

Among the products that are disposed of properly, we can highlight CRT TV sets, cell phone batteries, notebooks, LCD and plasma TV monitors, and printed circuit boards, among others. (Principles 1, 2 and 3)

Transparency in Communication (Principle 4)

In 2014, we launched an online platform featuring tips and guidelines concerning protection and insurance, video tutorials that offer advice and informatively clarify major doubts concerning insurance.

The aim of this platform is to raise the public's overall awareness of the importance of protection and help people to better understand the insurance universe in a simple, uncomplicated manner.

Known as Proteja (www.itaubr.com/proteja), the platform features pages with explanations of the different products offered by this market, tips and infographs, in an intuitive arrangement of the information. The interface was planned to answer the main questions related to insurance so as to aid decision making concerning the protection most appropriate to one's needs. It also features ten video tutorials created to answer questions concerning the various types of protection and identify issues that consumers must be attentive of before buying insurance.

This initiative merges with the bank's other programs that employ education as a starting point for helping people to better deal with their finances. Among such initiatives, it is worth mentioning our educational platforms related to Credit (Conscious Use) and Investments (Invista).

In 2015, we continue to focus on the improvement of our processes to offer products that are more appropriate to our customers' needs, with clearer, more objective information.

Insurance Store

The Brazilian insurance market's first online platform operated by banks to sell products to people that are not customers of the institution, the Itaú Insurance Store targets the internet-using public in general. The platform was designed to be Brazil's largest and best insurance e-commerce, with cutting-edge resources in

digital CRM and big data. The Store was launched in February 2014, enjoying an average of 45,000 accesses monthly and already boasting over 10,000 sales.



For more information about our sustainability strategy, please visit the following website: www.itaub.com.br/relatorioanual