

**Sean Filer, Equinox Partners:**

Good morning. I wondered if you could talk a little bit about the decline in your individual health business and what is an acceptable margin in that business for you? Is there a chance in the long term that you would opt to grow that business or is that business in run-off mode?

**Arthur Farne d'Amoed Neto:**

Thank you for your question. The reason for the decline is basically related to the fact that since 2004 we have not been issuing new individual health insurance policies.

I would say that the gross margin should remain stable at that level, on our way to keep the portfolio as it is now. You need to have in mind the fact that the further acquisition costs play no role in that respect since we are far from the moment we last strode new policies in that portfolio.

Loss ratio has been improving since then, as a consequence of many measures we have taken to control costs from our side. And we believe that we —

**Sean Filer:**

But why is this business unattractive at these margins? Why not pursue this business? Why leave it in run-off mode?

**Arthur Farne d'Amoed Neto:**

For the time being, we are reviewing our decisions as to the portfolio, and our decisions are basically related to uncertainties involving the regulatory framework for that piece of portfolio in particular.

**Sean Filer:**

Thank you.

**Steven Rahl, Equinox Partners:**

Hi. What are you seeing in terms of the competitive landscape in the auto business? It looks like your average premium increased 11% year on year, whereas on the Porto Seguro call, yesterday, it sounded like their average premium is shrinking. Are you finding yourself with more pricing power or has something changed in the competitive dynamic?

**Arthur Farne d'Amoed Neto:**

In our case, as I have noticed, we have been able to increase premiums and we have been doing that since May this year. We may see a slight decrease in the rate of our premium growth towards the end of the year as a consequence of that. But we would rather sustain a decrease in loss ratio than just improving top line.

The competitive environment was marked since late 2007 by a higher degree of aggressiveness coming from some competitors, which we have seen — as most of the

competitors have seen – being softened during the 1H08. Given the current environment affecting, maybe, credit going forward, we may see some rearrangements in that respect.

**Operator:**

Thank you. At this time we are showing no further questions. Mr. Farne, would you like to make any closing remarks?

**Arthur Farne d'Amoed Neto:**

The Company is available for investors and analysts via its communication channels, its website and our IR department. And I would like to thank you and my colleague Sergio Borriello, for your attending the conference.

**Sergio Borriello:**

Thank you.

**Operator:**

Thank you. This concludes today's SulAmérica's conference. You may now disconnect your lines.

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