



## Market access and trade barriers faced by European insurers and reinsurers in foreign jurisdictions

### ECUADOR



*Insurance Europe continues to be concerned about the significantly high retention rate applied to a range of lines of business, which has negatively affected the capacity of European (re)insurers to place business in Ecuador over recent years. While Insurance Europe appreciated the efforts of the European Commission to address these concerns during the recent negotiations over the protocol of accession of Ecuador to the EU's free trade agreement with Colombia and Peru, the final changes were marginal. Insurance Europe therefore strongly encourages the EU authorities to continue raising these concerns in its bilateral discussions with Ecuador, with the clear ambition to have the retention rates completely removed.*

#### Developments in recent years

In September 2014, the National Congress of Ecuador approved reforms of the Monetary and Financial Code (Código Orgánico Monetario y Financiero), setting up a new regulatory and supervisory regime in the financial sector. A new political body called the Monetary and Financial Regulation Board was established. Among other duties, the Code stipulated that the Board should "enact regulations and will define maximum cessions by kinds of reinsurance" (Article 27).

In March 2015, the Board consequently enforced a compulsory retention of 95% for individual life, group life, personal, health and motor reinsurance. This rate was slightly decreased to 90% as of January 2017, however it remains a significant market access barrier and a limitation to the ability of European (re)insurers to place business in Ecuador.

Insurance Europe believes that the high retention rates in several classes of business go against the spirit of the recently concluded EU-Ecuador agreement and may set a negative precedent in the region.

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Insurance Europe is the European insurance and reinsurance federation. Through its 35 member bodies — the national insurance associations — it represents insurance and reinsurance undertakings that account for around 95% of total European premium income.