



Market access and trade barriers faced by European insurers and reinsurers in foreign jurisdictions (March 2019)

BRAZIL



Insurance Europe supports the progress made over recent years in addressing trade barriers in Brazil. However, it would suggest that more ambition is needed to support the ability of European (re)insurers to place business in Brazil on a competitive, non-discriminatory basis. Given that the EU Free Trade Agreement with Mercosur countries, including Brazil, is expected to be concluded soon, these concerns should be addressed now by the European authorities.

Positive measures have been taken with 2017 resolutions removing restrictions on affiliates' transactions and modifying other limitations¹. However, key restrictions remain in place.

Minimum insurance retentions by local cedants

Local (re)insurers are not allowed to cede more than 50% of the premiums received each calendar year². Several classes of business are explicitly exempt from this requirement, meaning that these are not to be considered when the minimum retention of 50% is calculated per calendar year. These are:

- For local insurers only
 - property risks (named risks and operational risks)
 - aviation hull
 - facultative aviation liability
 - energy risks
- For local insurers and reinsurers
 - surety bonds
 - export credit insurance
 - rural insurance (ie agricultural risks)
 - domestic credit insurance

Right of first refusal

Cedants are required to cede or offer preferentially at least 40% of their reinsurance cessions to local reinsurers³. To satisfy the preferential offer requirement, cedants must engage in a formally regulated consultation process with the local market, offering at least 40% of each reinsurance risk on the same terms and conditions as to admitted or occasional reinsurers. The 2017 CNSP Resolution further clarifies that employing unfair practices to fulfil the preferential offer requirement may be punished and, in such circumstances, the reinsurance contract may be considered void.

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Insurance Europe is the European insurance and reinsurance federation. Through its 34 member bodies — the national insurance associations — it represents insurance and reinsurance undertakings that account for around 95% of total European premium income.

¹ Brazilian Council of Private Insurance (Conselho Nacional de Seguros Privados, CNSP) Resolution 353 and Superintendence of Private Insurance (Superintendência de Seguros Privados, SUSEP) Circular 562, December 2017

² Article 16 of Brazilian Council of Private Insurance (Conselho Nacional de Seguros Privados, CNSP) Resolution 168/2007

³ Article 11 of Complementary Law No.126, January 2007