

MARKET BULLETIN

REF: Y5014

Title	Brazil: SUSEP clarification in relation to restrictions on Intra-Group Transfer
Purpose	To advise the market of the recently clarified definition of “premium corresponding to each facultative contract or treaty contract” in relation to the restriction on Intra-Group Transfer of (Re)insurance and Retrocession Liabilities in Brazil - SUSEP Circular 537/2016
From	Kim Swan, Senior Manager, International Regulatory Affairs
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Related links	Market Bulletin Y4477 Market Bulletin Y4917

In Market Bulletins Y4477 and Y4917 the Lloyd's market was advised of the restriction on the Intra-Group Transfer of (re)insurance and Retrocession Liabilities (Resolution No. 232) and the amendments thereof via Resolutions No. 322 and 325 in 2015 (the “Restrictions”).

Clarification of scope

According to the local requirements an insurance company or local reinsurer may not transfer more than 20%¹ of the premium corresponding to each facultative contract or treaty contract to related companies or to companies belonging to the same financial conglomerate.

[SUSEP Circular 537/2016](#) (referred to herein as “the Circular”) provides the following clarification regarding “premium corresponding to each facultative contract or treaty contract” according to Article 14 of Resolution CNSP 168:

I – the ceded premium of reinsurance/retrocession related to each reinsured/retroceded risk, in case of proportional facultative contracts of reinsurance/retrocession;

II – the ceded premium of reinsurance/retrocession related to each reinsured/retroceded risk by each layer, in case of non-proportional facultative contracts of reinsurance/retrocession;

III – the ceded premium of reinsurance/retrocession related to each underwritten risk covered by each proportional treaty contract of reinsurance/retrocession;

¹ 20% until 32 December 2016; after that percentage will gradually increase as per Resolution No. 322. Please refer to Market Bulletin Y4917 for more details.

IV – the ceded premium of reinsurance/retrocession by each contracted layer related to each non-proportional treaty contracts of reinsurance/retrocession.

For additional details on the four scenarios above, please refer to [Crystal](#) for a translation of the Circular.

The Circular further clarifies that existing contracts which do not comply with the Restrictions following the new clarification of what constitutes “premium corresponding to each facultative contract or treaty contract”, shall be considered valid until the earlier of: the contract’s renewal; or one year from the date of publication of the Circular, i.e. May 12th 2017.

Please note that the Circular merely clarifies existing rules currently in force. There have been no changes to the rules restricting the Intra-Group Transfer of (Re)insurance and Retrocession Liabilities.

Further information

If you have any queries relating to this bulletin please contact:

Lloyd’s International Trading Advice
Lloyd’s Desk, Ground Floor, Underwriting Room
Telephone: +44 (0)20 7327 6677
Email: LITA@Lloyds.com
www.lloyds.com/crystal