

# MARKET BULLETIN

REF: Y5073

<b>Title</b>	Coverholder Registration Requirements in Mexico
<b>Purpose</b>	To provide clarity on the registration requirements for coverholders and service companies in Mexico.
<b>Type</b>	Event
<b>From</b>	Yael Chen, Senior Manager, International Regulatory Affairs
<b>Date</b>	16 March 2017
<b>Related links</b>	<a href="#">Mexican Insurance and Bond Circular (Circular Única de Seguros y de Fianzas)</a>

## Background

Lloyd's is registered as a Foreign Reinsurer in Mexico. This registration enables Lloyd's underwriters to write reinsurance business on a cross-border basis, through local coverholders<sup>1</sup> or managing agents' delegates via the General Representative Office. However, coverholders (locally known as 'suscriptores facultados') have to be registered with the Mexican regulator, the *Comisión Nacional de Seguros y Fianzas* (CNSF).

This Market Bulletin aims to clarify the registration requirements for:

1. Coverholders based in Mexico
2. Coverholders underwriting Mexican business from abroad

The requirements are outlined on the Mexican Insurance and Bond Circular ([Circular Única de Seguros y de Fianzas](#), CUSF), which implements the Law on Insurance and Bonding Institutions ([Ley de Instituciones de Seguros y de Fianzas, LISF](#)). Please see Annex 1 for a copy of the regulatory framework in original Spanish and free English translation.

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<sup>1</sup> In Mexico, intermediaries who have been granted authority to act on behalf of foreign reinsurers are known as 'suscriptores facultados'. Where reference is made to 'coverholders' throughout this bulletin, the term shall be interpreted to include Lloyd's coverholders, as well as service companies.

### **Coverholders based in Mexico**

Lloyd's underwriters may grant a binding authority (including the ability to bind business onshore) to Mexican brokers registered with the CNSF as local reinsurance intermediaries.

Locally registered reinsurance intermediaries that have been granted a binding authority to operate in Mexico on behalf of foreign reinsurers must be able to evidence their authority to the Mexican regulator, the Comisión Nacional de Seguros y Fianzas (CNSF) and/or to the ceding company.

They are required to submit copies of all of their active binding authority agreements to the CNSF, and further to notify the CNSF of any changes or revocations of the authorities granted.

According to Articles 35.3.8 and 35.5.6 of CUSF, the submission of the binding authority agreements and notification of any revocations shall be part of the reinsurance intermediary's "Regulatory report about reinsurance intermediation (RR-12)", as established in Article 38.1 of CUSF.

The documents have to be submitted in Spanish or in English with an appropriate official translation. For details on the formality requirements for these translations, please refer to Article 35.5.6 of CUSF.

In case of regulatory audits, the coverholders themselves, as well as other reinsurance intermediaries that place business with the coverholders, are required to hold a copy of the binding authority agreement. This requirement applies irrespective of whether a copy of the binding authority agreement has already been submitted to the CNSF in accordance with the requirement detailed above.

Managing agents are advised to ensure that their coverholders located in Mexico comply with this requirement.

### **Coverholders based outside Mexico**

Lloyd's coverholders based outside Mexico are permitted to write reinsurance business from Mexico under Lloyd's foreign reinsurance licence, provided they have been registered with the CNSF. To this end, Chapter 34.2 of CUSF, implementing Article 107 of LISF, states that the reinsurer (Lloyd's) must notify the CNSF of their intention to appoint a coverholder, submitting a request which must include the following information:

- scope of the authority granted;
- period of validity of the binding authority agreement;
- territorial scope;
- type of risks and operations covered; and
- limitations of liability.

Following the submission, the coverholder will be allowed to underwrite Mexican business on behalf of the concerned reinsurer. The CNSF has 20 days from the date of receipt of the original submission to provide a response requesting additional information or clarification of the information provided, and an additional 180 days from the date of the full submission to process its final response to the application.

### Registration Process

To initiate the process, Lloyd's coverholders based outside Mexico that intend to transact Mexican business are required to contact Lloyd's Representative Office in Mexico (content details provided below) and request to be registered with the CNSF. This request should include a copy of their binding authority agreement in Spanish (if available) and English and the details of a point of contact who will be subsequently contacted throughout the process of registration.

The registration is valid for the duration of the binding authority agreement and must be renewed each time the agreement expires, or when it is changed or cancelled. Therefore, registered coverholders are required to notify Lloyd's Mexico of any changes to the binding authority as soon as possible to ensure their registration is updated and remains in compliance.

To ensure continuous compliance with the registration requirements, coverholders should contact Lloyd's Mexico to request registration renewal as soon as possible following the establishment of a new binding authority agreement. In the event that the binding authority is cancelled, Lloyd's Mexico should be notified immediately so that the coverholder's registration can be cancelled.

For more information about how to register as a *suscriptor facultado* in Mexico, please see [Lloyd's coverholder registration process for Mexico](#).

### **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](mailto:LITA@Lloyds.com)  
[www.lloyds.com/crystal](http://www.lloyds.com/crystal)

Or

Lloyd's Mexico Representative Office  
Torre Siglum, Insurgentes Sur 1898,  
12th and 14th floors, cp 01020, Mexico City  
Phone: +52 (55) 91711168  
[mxcoverholders@lloyds.com](mailto:mxcoverholders@lloyds.com)

**Annex 1: Regulatory framework ([Circular Única de Seguros y de Fianzas](#)) in original Spanish and free English translation**

<p><b>CAPÍTULO 34.2. DE LOS SUSCRIPTORES FACULTADOS</b></p> <p>Para los efectos del artículo 107 de la LISF:</p> <p>34.2.1. Las Reaseguradoras Extranjeras informarán a la Comisión de los Suscriptores Facultados por las mismas. Para tal efecto las Reaseguradoras Extranjeras remitirán a la Comisión una comunicación firmada por su representante legal en la que informen de sus Suscriptores Facultados, señalando el alcance de las facultades que les hayan otorgado, indicando su vigencia, así como su territorialidad, tipo de riesgos u operaciones y límites de Responsabilidad. Las Reaseguradoras Extranjeras deberán comunicar a la Comisión cualquier modificación o la revocación de dichas facultades. En el caso de que el documento con el que se acredite el representante legal sea otorgado en el extranjero, deberá presentarse con su correspondiente legalización y apostille.</p> <p>La información a que se refiere esta Disposición deberá presentarse en los términos señalados en el Anexo 34.2.1, y su entrega se apegará al procedimiento señalado en los Capítulos 39.1 y 39.6 de las presentes Disposiciones.</p> <p>34.2.2. La información proporcionada a la Comisión en términos de la Disposición 34.2.1, por parte de las Reaseguradoras Extranjeras respecto a sus Suscriptores Facultados, se da a conocer en los Anexos 34.2.2-a y 34.2.2-b. Asimismo, la información a que se refiere esta Disposición se da a conocer a través de la Página Web de la Comisión.</p>	<p><b>CHAPTER 34.2. OF THE COVERHOLDERS</b></p> <p>For the purposes of article 107 of LISF:</p> <p>34.2.1. Foreign Reinsurers shall inform the CNSF of the coverholders qualified by them. To this end, Foreign Reinsurers will send to the CNSF a communication signed by their legal representative informing them of their coverholders, stating the scope of the powers granted to them, indicating their validity, as well as their territoriality, type of risks or operations and limits of responsibility. Foreign Reinsurers must notify the CNSF of any modification or revocation of such powers. In the event that the document with which the legal representative is accredited is granted abroad, this must be presented with its corresponding legalisation and apostille.</p> <p>The information referred to in this Provision must be presented in the terms indicated in Annex 34.2.1, and its delivery shall follow the procedure indicated in Chapters 39.1 and 39.6 of the present Provisions.</p> <p>34.2.2. The information provided to the CNSF in terms of Provision 34.2.1 by Foreign Reinsurers with respect to their coverholders is disclosed in Exhibits 34.2.2-a and 34.2.2-b. Likewise, the information referred to in this Provision is disclosed through the website of the CNSF.</p>
<p><b>ANEXO 34.2.1. FORMA Y TÉRMINOS PARA EL ENVÍO DE INFORMACIÓN SOBRE SUSCRIPTORES FACULTADOS</b></p> <p>La Información que deben presentar a esta Comisión aseguradoras y reaseguradores extranjeros es la siguiente:</p> <ol style="list-style-type: none"> <li>1. El representante legal de la aseguradora</li> </ol>	<p><b>ANNEX 34.2.1. FORM AND TERMS FOR THE SUBMISSION OF INFORMATION ON COVERHOLDERS</b></p> <p>The information that foreign insurers and Reinsurers must submit to the CNSF is as follows:</p> <ol style="list-style-type: none"> <li>1. The legal representative of the foreign insurer</li> </ol>

<p>o reaseguradora extranjera deberá presentar escrito firmado en el que informe de los Suscriptores Facultados y el alcance de las facultades otorgadas, el cual contendrá la información que a continuación se cita, misma que deberá venir en idioma español:</p> <ul style="list-style-type: none"> <li>• Vigencia (Sólo se publicarán vigencias anuales; en el caso de contar con vigencias indefinidas, deberá confirmarse anualmente que las facultades otorgadas siguen vigentes).</li> <li>• Territorialidad.</li> <li>• Tipo de riesgos u operaciones.</li> <li>• Límites de responsabilidad.</li> <li>• Otros datos relevantes.</li> </ul> <p>2. En caso de que las aseguradoras o reaseguradoras extranjeras modifiquen o revoquen dichas facultades, deberán comunicar tal hecho en forma inmediata a esta Comisión.</p> <p>3. La información a que se refiere este anexo deberá entregarse en apego al procedimiento señalado en los Capítulos 39.1 y 39.6 de las presentes Disposiciones.</p>	<p>or reinsurer shall submit a signed written document in which (s)he notifies of the coverholders and the scope of the powers granted to them, which shall contain the following information, which must be in Spanish:</p> <ul style="list-style-type: none"> <li>• Validity (Only annual validities will be published; in the case of having indefinite validities, it must be confirmed annually that the powers granted remain valid).</li> <li>• Territoriality.</li> <li>• Type of risks or operations.</li> <li>• Limits of liability.</li> <li>• Other relevant data.</li> </ul> <p>2. In the event that foreign insurers or reinsurers modify or revoke said powers, they must immediately report this fact to the CNSF.</p> <p>3. The information referred to in this annex shall be submitted in accordance with the procedure set forth in Chapters 39.1 and 39.6 of these Provisions.</p>
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