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August 24, 2026

The 15 Key Points of the New P&C Insurance Regulation

CNSP Resolution No. 496/2026

On 18 August 2026, **Resolution No. 496** of Brazil's National Council of Private Insurance (CNSP) ("Resolution 496") was published in an extraordinary edition of the Brazilian Official Gazette.

The Resolution sets out the general features of property and casualty (P&C) insurance contracts and specific provisions for Oil & Gas Risks, Property Nominated Risks, Operational Risks, Bankers Blanket Bond (BBB), Aviation, Marine, Nuclear Risks and Credit Insurance (domestic and export).

The Resolution differs materially from the draft submitted to public consultation in November 2025 under Public Consultation No. 10/2025.

We have considered the Resolution in light of Brazilian Insurance Act No. 15,040/2024 and the sole publicly available CNSP opinion concerning it (the "CNSP Vote"), which provides partial reasons for the regulatory choices made by the insurance authorities.

Below are the **15** points which, in our view, warrant particular attention:

1. A unitary regime for P&C insurance contracts

Resolution 496 replaces the former dual regime under CNSP Resolution No. 407/2021 (large risks) and SUSEP Circular No. 621/2021 (P&C insurance, with an emphasis on mass-market products) with cross-cutting rules applicable to all P&C insurance.

The CNSP Vote states that Insurance Act No. 15,040 introduced a basic and non-waivable set of rights and duties, regardless of the nature, size or complexity of the risk. Freedom of contract remains but may not displace this purported mandatory core.

2. Special registration regime for Chapter III insurance — the former class-based large risks

Despite adopting a unitary legal regime, Resolution 496 accords separate treatment to Oil and Gas Risks, Named and Operational Risks, BBB, Aviation, Marine and Nuclear Risks, as well as domestic and export Credit Insurance in business-to-business transactions. Under CNSP Resolution No. 407/2021, these classes were automatically treated as large risks by reason of the relevant insurance class, irrespective of financial thresholds. We refer to them in this Client Alert as the former "class-based large risks".

The policy terms for these classes, whether standardised or bespoke, are subject to the special registration regime under Article 11(1).

SUSEP must establish specific procedures and criteria, which may include registration after the date of sale, a specific filing period and restricted public access. In our view, this possibility is not yet self-executing and depends on supplementary regulation. The absence of an express transitional rule for non-bespoke Chapter III terms creates uncertainty as to the regime applicable pending the issuance of that regulation.

3. Special regime for bespoke terms and conditions in any class of P&C insurance

Irrespective of the insurance class, terms and conditions "drafted and negotiated on a bespoke basis to meet the specific needs of the policyholder or beneficiary" are subject to the special registration regime to be established by SUSEP under Article 11(§1).

SUSEP's supplementary regulation may permit registration after the date of sale, establish the applicable filing period and restrict public access to the documents filed.

Article 49 permits bespoke terms and conditions agreed after 18 August 2026 to be registered only after SUSEP's specific regulation takes effect. A genuinely negotiated individual term may therefore be agreed before registration. The Resolution does not, however, define "bespoke terms", and SUSEP is expected to establish the relevant classification criteria.

4. Standard products, particular conditions and bespoke wordings

An insurance product may comprise general, special and particular conditions. The CNSP Vote nevertheless confirms that the parties may also adopt an entirely bespoke wording, without necessarily linking it to previously registered general conditions.

A particular condition is not automatically bespoke: it may simply be a standard model used in multiple contracts. The decisive factor is whether the term has been individually drafted and negotiated to meet the specific needs of the relevant policyholder or beneficiary.

5. Registration of products formerly exempt under CNSP Resolution No. 407/2021

The general registration exemption for former large-risk products has been abolished.

CNSP Resolution No. 407/2021 also classified certain contracts as large risks because they met financial criteria concerning the maximum limit of cover ("LMG") or the policyholder's assets or turnover. We refer to these contracts as the former "threshold-based large risks" (as opposed to class-based large risks).

They could include, for example, surety bonds, Contractors' All Risks (CAR), Erection All Risks (EAR), D&O, general liability and environmental liability insurance, provided that the applicable thresholds were met.

Terms previously exempt from registration that do not fall within Article 11(§1) must now be electronically registered with SUSEP and brought into line with Resolution 496 before policies are issued or renewed from 5 January 2027, as provided in Article 48.

By contrast, Chapter III insurance — the former class-based large risks — and bespoke terms follow the special registration regime. Article 48 did not automatically extend its transitional prior-registration requirement to them. The timing and procedure for their registration will depend on supplementary SUSEP regulation.

6. End of the special contractual regime for large risks

CNSP Resolution No. 407/2021 is expressly revoked. Consequently, the cross-cutting LMG, asset and turnover criteria that conferred different legal treatment on threshold-based large risks have been abolished.

The CNSP Vote contends that those criteria did not, by themselves, demonstrate effective bargaining parity or the technical ability to negotiate policy wordings, but cites no specific statistical or empirical evidence supporting that conclusion.

Brazil therefore returns to a predominantly unitary regime, departing from models that distinguish large risks from mass-market or consumer insurance, as adopted for decades in the European Union, the United Kingdom, Switzerland and several US jurisdictions.

The former classification may remain temporarily relevant for operational purposes, including the Insurance Operations Registration System ("SRO") and Open Insurance. Named and Operational Risks also retain the specific requirement of an LMG exceeding BRL 15 million, without recreating the former general regime for large risks.

7. End of the special contractual regime for large risks

The prospective policyholder must be given access to the policy terms before entering into the contract.

If this requirement is not observed, the registered version identified in the proposal will apply. If the proposal does not identify the relevant registration file, the most favourable version among those registered by the insurer, available for sale and applicable to the proposed cover will govern the contract.

This is a contractual gap-filling rule that may be applied directly by the parties and in court or arbitral proceedings.

8. Documentary hierarchy and interpretation in favour of the policyholder

Particular conditions prevail over special conditions, which in turn prevail over general conditions.

Doubts or ambiguities in documents drafted by the insurer must be resolved in favour of the policyholder, beneficiary or injured third party, in accordance with the *contra proferentem* doctrine.

Inconsistencies between the insurance contract and the registered terms are resolved by applying the wording that is more favourable to the policyholder. Exclusions and limitations must be construed narrowly, and the insurer bears the burden of proving their factual basis.

9. Formation, amendment and renewal

The insurance contract is formed upon acceptance of the proposal. The document evidencing the contract must be delivered to the contracting party within 30 days of acceptance.

Amendments require the policyholder's express consent and must be formalised by an endorsement, which must also be delivered within 30 days.

Automatic renewal may recur successively, provided that the duration and all contractual terms remain unchanged. Any amendment means that the renewal will no longer qualify as automatic.

If the insurer does not intend to renew the contract or proposes to change its terms, it must notify the policyholder at least 30 days before expiry.

10. Separation of claims adjustment and settlement

As under Insurance Act No. 15,040/2024, Resolution 496 distinguishes between two stages:

i. **claims adjustment**, which investigates the causes and effects of the loss and determines whether cover exists; and
ii. **claims settlement**, which quantifies the amount payable.

As a general rule, the insurer has up to 30 days to decide whether cover exists, failing which its right to deny cover lapses. Once cover has been recognised, the insurer has up to a further 30 days to complete settlement and pay the indemnity.

This replaces the single claims settlement period previously provided for under SUSEP Circular No. 621/2021.

The 30-day period for the coverage decision runs from submission of the claim together with the essential claims adjustment documents specified in the policy.

11. Up to 120 days for adjustment and 120 days for settlement of Chapter III claims

For Chapter III insurance – i.e. the former class-based large risks – both the claims adjustment period and the claims settlement period may be up to 120 days.

Resolution 496 may therefore permit a potential aggregate period of up to 240 days between submission of a properly documented claim and payment of the indemnity, depending on the circumstances and the interaction between the two statutory stages.

12. Claims involving complex adjustment or quantification

Resolution 496 does not itself extend the ordinary 30-day periods merely because determining cover or quantifying the amount payable involves greater complexity.

It nevertheless authorises SUSEP, through specific regulation, to prescribe longer periods for complex cases, provided that they do not exceed 120 days for each relevant stage.

Until SUSEP issues such regulation, there is no generally applicable extension beyond 30 days solely on the ground that the claim is complex, except for Chapter III insurance.

13. Adjustment and settlement reports as common documents

Consistently with Insurance Act No. 15,040/2024, Resolution 496 distinguishes the claims adjustment report, concerning the acceptance or denial of cover, from the claims settlement report, concerning the amount of the indemnity.

Both reports and their constituent annexes are documents common to the parties.

Their form, content and availability, as well as the treatment of confidential documents, remain subject to supplementary SUSEP regulation.

14. Broader range of materials forming and evidencing the contract.

The insurance contract may be evidenced by bespoke terms and conditions, the proposal, questionnaire, policy or other evidentiary document, registered terms, and information supplied by the parties and other participants before or during performance.

Emails, counterproposals, presentations, underwriting responses and broker communications may therefore form part of the contractual evidence and acquire significant relevance in court or arbitral proceedings.

15. Unilateral termination, return premium and the short-rate table

An insurer may not terminate the contract unilaterally except where permitted by law.

Either party may propose termination at any time, but mutual consent is required. Unless otherwise agreed, the insurer is entitled to retain the portion of the premium corresponding to the elapsed period, together with acquisition costs in the same proportion.

Because Article 24 expressly permits contrary contractual terms, the short-rate table should remain available where early termination is requested by the policyholder, accepted by the insurer and clearly provided for in the contract, consistently with Article 54(3) of SUSEP Circular No. 621/2021.

The table should be transparent, actuarially justified and not unduly onerous. It may not be applied to unilateral termination by the insurer or where legislation prescribes a specific method for calculating the return premium.

Where the risk disappears or the insured interest ceases to exist, Article 25 applies: the premium corresponding to the unexpired risk must be returned, subject to the insurer's entitlement to retain acquisition costs in the same proportion. In such circumstances, arguably the short-rate table should not operate as a penalty for early termination, but may be used as a calculation method if it transparently and actuarially justifiably reflects the actual distribution of the risk over time.

Transitional regime and entry into force

Resolution 496 formally took effect upon publication on **18 August 2026**, when CNSP Resolution No. 407/2021 was revoked.

New plans registered from that date must comply with Resolution 496. Previously registered plans must be adapted by 4 January 2027, failing which they are subject to definitive suspension.

The Resolution is mandatorily applicable to contracts formed or renewed from 5 January 2027. Contracts issued or renewed before that date will be subject to the Resolution only if they are linked to plans already adapted to the new rules.

Previously exempt terms outside Article 11(§1) – particularly those relating to former threshold-based large risks – must be registered and adapted before policies are issued or renewed from 5 January 2027.

Bespoke terms will be registered after SUSEP's specific prospective regulation takes effect. The position of non-bespoke Chapter III terms pending that regulation is less clear because Resolution 496 does not contain an express transitional rule addressing them.

Pending revision of SUSEP Circular No. 621/2021, its provisions remain applicable insofar as they are compatible with Insurance Act No. 15,040/2024 and Resolution 496.

Immediate priorities for insurers

Among other things, insurers should, in particular:

- review and adapt their products to the Brazilian Insurance Act No. 15,040/2024 and Resolution 496 by **4 January 2027**, also taking into account the provisions of SUSEP Circular No. 621/2021 that remain compatible with the new regime;
- map their former large-risk products, distinguishing threshold-based large risks subject to prior registration under Article 48 from Chapter III insurance and bespoke terms subject to the special regime under Article 11(§1);
- reassess product-registration processes, including the classification of terms as standardised or bespoke and the prospective procedures for post-sale registration and restricted public access;
- monitor supplementary SUSEP regulation, particularly Chapter III products, bespoke terms, REP operation, claims reports and periods exceeding 30 days for complex adjustment or settlement.

Felipe Bastos
Partner and Head of
Insurance and Reinsurance

P +55 11 3805 0222
M +55 21 99223 9011 (and WhatsApp)
E fbastos@fasadv.com.br