

Susep Circular no. 562/2017: new insurance lines excluded from the reinsurance cession limitation per civil year

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Based on the authorization provided by 3rd paragraph of the article 16 of the National Council of Private Insurance (CNSP) Resolution no. 168/2007, in 24th December 2017, the Superintendence of Private Insurance (SUSEP) issued the new Circular no. 562/2017, which amplified the list of insurance lines excluded from the cession restriction.

The article 16 of the CNSP Resolution no. 168/2007 forbids insurers and local reinsurers from transferring more than 50% of the issued premiums, on reinsurance and retrocession operations, considering the total of operations held in a single year.

The 1st paragraph of article 16 had already excluded from this limit the cessions related to the insurance lines of (i) bond insurance, (ii) export credit insurance, (iii) rural insurance and (iv) domestic credit insurance.

This new Circular add further exceptions, applicable only for reinsurance cessions, in the following lines (i) property insurance, (ii) aircraft hull insurance, (ii) aircrafts facultative civil liability – RCF and (iv) petroleum risks. The rule expressly establishes that these new exceptions are not applicable on retrocession operations held by local reinsurers.

In addition, SUSEP Circular no. 562/2017 revokes SUSEP Circular no. 495/2014, which previously determined a limit of 40% of the issued premiums on reinsurance cession for the petroleum risk line.

Fonte: Demarest Advogados, em 04.01.2018.