

Press release

14 April 2011

Brazilian reinsurance regulations have improved but still need to be better

The International Federation of Risk and Insurance Management Associations (IFRIMA) welcomes the flexibility and understanding of the Brazilian government in responding to the world-wide concern about its new reinsurance regulations. At the same time, IFRIMA, which represents commercial insurance buyers from across the world, believes that more needs to be done to limit the negative impact on insurance capacity and cost.

By replacing Resolution 224 with Resolution 232, the Brazil government is permitting insurance companies to cede up to 20% of each reinsurance treaty to companies based abroad that are linked with or belong to the same financial group, instead of prohibiting intra-group transfers.

It is a common opinion among insurance and reinsurance players, in addition to the buyers of insurance represented by IFRIMA, that Resolution 232 is an important step in maintaining the development of the Brazilian market since liberalisation began in 2007. Unfortunately, it is still not enough. The restrictions that remain, plus a second Resolution that mandates placement of business with local reinsurers, still create the danger of reduced capacity, especially for large risks, and higher costs for industry, etc.

IFRIMA believes that without further changes many business opportunities could be lost to Brazil, and that even businesses which were starting to grow as a result of big investment from various multinationals after the end of the reinsurance monopoly could think again about their future.

We trust that the current position is an intermediate situation for the sector and that an equitable situation can be reached for all the parties involved in this promising market.

Carl Leeman, President of IFRIMA and Chief Risk Officer for Katoen Natie
Jorge Luzzi, Chairman of IFRIMA and Director Group Risk Management for Pirelli

About IFRIMA

The International Federation of Risk and Insurance Management Associations (IFRIMA) is the international umbrella organisation for risk management associations, representing 25 organisations and over 40 countries around the world. IFRIMA has over 10,000 individual members representing a wide range of business sectors from major industrial and commercial companies to financial institutions and local government organisations.

With its roots going back to the 1930s and its development through the discipline of insurance and risk management, IFRIMA is uniquely positioned as a leader in risk management and its application.

<http://www.ifrima.org/>