GLOBAL REINSURANCE FORUM

30 April 2021

Reinsurance Trade Barriers and Market Access Issues Worldwide

Global Reinsurance Forum (GRF) – 30 April 2021

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I. Executive summary of the types of restrictive reinsurance measures applied by jurisdictions

Global Reinsurance Forum (GRF) members account for more than 65% of global net reinsurance premiums. The GRF believes that positive and significant economic benefits will result from the free global flow of risk through open and competitive reinsurance markets.

During the latest review, the GRF has identified 51 major territories, including regional groupings, which have implemented, are in the process of implementing or consider implementing, barriers to the transfer of risks through global reinsurance markets. Whilst some jurisdictions have been pursuing liberalisation of their reinsurance markets, it remains concerning to see that significant existing barriers still remain in place and new restrictions to the free flow of reinsurance are being established. Such barriers reduce competition leading to reduced customer choice, higher reinsurance costs and less capacity over the long-term horizon. These reinsurance trade barriers and market access issues include but are not limited to:

- Restrictions on the ability of reinsurers to freely conduct business on a cross-border basis, thus limiting the capacity of global reinsurers to spread risk globally and to prevent domestic concentrations of risk. Varying levels of restriction are witnessed or developing in Australia, Algeria, Argentina, Azerbaijan, Brazil, China, Colombia, Ecuador, Egypt, European Union, Germany, India, Indonesia, Malaysia, Nepal, New Zealand, Nigeria, the Philippines, Singapore, South Africa, South Korea, Tanzania, Thailand, Vietnam, Zimbabwe as well as the groupings of other member countries of the African Union and the grouping of the Conférence Interafricaine des Marchés d'Assurances.

- Requirements for reinsurers operating on a cross-border basis to collateralise or localise assets, preventing the global reinsurance market from transferring and spreading risk on the basis of a competitive, level playing field across borders. Such requirements exist or are evolving in jurisdictions including Argentina, Brazil, Canada, China, India, Israel, Portugal, Singapore, and the United States.

- Restrictions on foreign ownership of subsidiaries and other barriers to the establishment of branches, subsidiaries and operations. This restricts the ability of reinsurers to deliver their full economic benefit by providing local underwriting expertise and direct services to transfer risk out of domestic markets on an open and competitive basis. Such barriers are present or developing to varying extents in a number of jurisdictions including, but not limited to: Algeria, Argentina, Azerbaijan, Bangladesh, Brazil, Cambodia, China, Egypt, Ethiopia, India, Indonesia, Kenya, Malaysia, Moldova, Myanmar, Nigeria, Russia, Saudi Arabia, United Arab Emirates, the United Kingdom, the United States and Zimbabwe.

- The use of discriminatory and anti-competitive mechanisms such as compulsory cessions to domestic entities, systems of 'right of first refusal', and compulsory, subsidized or monopolistic governmental mechanisms limiting the competitive capacity of global reinsurers to operate on a level playing field. Such practices concentrate risk domestically, whilst limiting customer choice, and can be witnessed or are developing to varying degrees in the African Union, Algeria, Argentina, Bangladesh, Belarus, Bhutan, Brazil, Cambodia, China, Colombia, Ecuador, Egypt, Ethiopia, France, Gabon, India, Indonesia, Kenya, Malaysia, Mongolia, Myanmar, Namibia, Nepal, Nigeria, Pakistan, the Philippines, Russia, Saudi Arabia, Senegal, South Korea, Sri Lanka, Sudan, Tanzania, Vietnam and elsewhere.

II. Developments since the last edition of this document was published

- **Australia**: proposed amendments to the prudential regulations will impose an aggregate limit on the exposure of life insurers to offshore reinsurers, which are not regulated by the Australian Prudential Regulation Authority.

- **Brazil:** the government proposed the merger of Admitted and Occasional reinsurer categories with entities becoming automatically licensed under the new category of Registered reinsurer. Brazil's government is also reviewing the possibility of lifting the existing preferential offer system to Local reinsurers.

- **China**: China Banking and Insurance Regulatory Commission has formally dropped its plans to introduce a requirement whereby foreign reinsurance branches would have to maintain a certain proportion of assets within China.

- **Ecuador**: recent regulations removed cession restrictions (which previously limited cessions to 10%) for life, health and personal accident insurance and relaxed rules on motor insurance.

- **European Union:** European Insurance and Occupational Pensions Authority confirmed – through the publication of the *Recommendations for the insurance sector in light of the United Kingdom withdrawing from the European Union* in October 2019 – that intermediaries must be authorised under the Insurance Distribution Directive, if they intend to carry out distribution activities which target EU policyholders and EU risks.

- **India**: following the government's announcement on raising maximum foreign shareholdings in local insurance companies, India's Parliament approved the Insurance (Amendment) Bill in March 2021 to permit the FDI threshold to be increased from the current 49% to 74%.

- **Indonesia:** Indonesian government confirmed in January 2020 that companies with foreign ownership in excess of the currently permitted 80% threshold will be able to maintain their foreign shareholding when increasing capital in the future. Planned liberalisation of the reinsurance market appears to be restricted to reinsurers based in countries with which Indonesia has free trade agreements.

- **New Zealand:** as part of the review of the Insurance (Prudential Supervision) Act 2010, the Reserve Bank of New Zealand is considering tightening rules on cross border reinsurance in various ways (e.g. changing the definition of carrying on business in New Zealand).

- **Thailand**: Office of Insurance Commission introduced minimum credit rating requirements for overseas reinsurance placements. New restrictions came into force on 1 September 2018.

- **United Arab Emirates:** the Insurance Authority published a new framework in May 2019 for registering reinsurance branch operations within the territory, including minimum credit rating requirements.

- **United States**: twenty-five US states have enacted the latest revisions implementing the EU-US and UK-US covered agreements which provide a process for

reinsurers domiciled in jurisdictions with robust regulatory regimes to qualify for zero collateral (this is three more states compared to the previous issue of this document).

- **Vietnam**: Draft Insurance Business Law's definition of 'reinsurer' covers reinsurers established under the provisions of this law only (including branches), which might restrict the ability of offshore reinsurers to provide reinsurance coverage.

- **Zimbabwe:** the table now includes information that reinsurance business can only be placed with locally registered reinsurance companies. Local legislation also provides that foreign ownership should be restricted to minority shareholdings.

III. Current Trade Barriers and Market Access Issues

Jurisdiction	Is reinsurance permitted on a cross-border basis?	Are there discriminatory requirements on cross-border foreign reinsurers for collateralisation or localisation of assets?	Are there (i) any restrictions on foreign ownership of subsidiaries or (ii) any other discriminatory barriers affecting the establishment of branches or subsidiaries (if permitted)?	Are there compulsory cessions, right of first refusal rules, or other trade barriers affecting foreign reinsurers, including examples of Government interference in risk pricing?
AFRICA & MIDDLE EAST				
African Union (55 member states)	It depends on individual jurisdictions' rules.	It depends on individual jurisdictions' rules.	It depends on individual jurisdictions' rules.	Yes. However, compulsory cession is only applicable to African Union members who are shareholders of Africa Re (41 member states) – they are required to offer 5% of each risk to Africa Re. For example, South Africa does not have the compulsory cession of 5%.
Francophone Countries belonging to the Conférence Interafricaine des Marchés d'Assurances (CIMA, 14 Member States)	Yes. Foreign reinsurers are excluded from writing accident, health, life and death, motor liability, land vehicles except for railway stock, goods in transit, capitalisation, tontines and unit-linked insurance and there are restrictions for cessions abroad above 50% for all other classes of business.	No.	No.	Please see African Union restrictions above. Additionally, 15% of all treaties go to CICA-Re. Furthermore, CIMA Code only permits up to 50% of any reinsurance risk to be placed internationally. To reinsure more than 50% of a risk with unlicensed overseas reinsurers, local regulatory approval must be secured. If it is not granted the remaining 50% must be reinsured locally or with a reinsurer

				established in another CIMA member state.
Algeria	Yes, but cross-border reinsurers must be registered locally as ‘admitted’ reinsurers.	No.	Yes, there is a 49% limit on foreign equity ownership.	Yes. At least 50% of all local reinsurance cessions must be placed with the state reinsurer, CCR, under the mandatory cession arrangements currently in force. However, CCR is free to decline the compulsory cession as it sees fit, but this does not occur currently and has rarely happened in the past.
Egypt	Yes, but all reinsurance must be placed with reinsurers approved by the regulator. These are largely companies with rating of at least BBB+ and/or a minimum capital of USD 50mn.	No.	Yes. Foreign branches are not allowed. No limit on the foreign ownership of Egyptian insurers, but no individual company or person can own more than 10% of an Egyptian insurer without government approval.	Yes. Local insurance companies are required to cede a minimum of 5% of each reinsurance treaty to Africa Re.
Ethiopia	Yes	No.	Yes. No foreign ownership of insurance or reinsurance companies, even minority holdings, is permitted in Ethiopia.	Yes. The Manner and Criteria of Transacting Reinsurance Directive No SIB/44/2016 that came into force on 1 August 2016 imposes mandatory cession requirements for each reinsurance policy in Ethiopia. Minimum 25% of all treaty cessions and 5% of each reinsurance policy must be ceded to a local reinsurer. Additionally, the local reinsurer has the right of first refusal for all facultative placements. Reinsurance policies that were concluded prior to 1 August 2016 will be subject to the new requirements at renewal.

Gabon	Yes.	No.	No.	Yes. Local insurers are required to cede 15% of non-life premium and 5% of all treaty and facultative reinsurances to the state-owned reinsurer Societe Commerciale Gabonaise de Reassurance (SCG-Re).
Kenya	Yes.	No.	Yes. A minimum of one-third of the equity of an insurance company is required to be held by Kenyans or citizens of East African Community countries.	Yes. Local insurers are legally bound to offer compulsory cessions of at least 35%, legislated within insurance law. These are split between three reinsurance groups; state-owned Kenya Re 20%, followed by the regional reinsurance groups ZEP Reinsurance Co Ltd (ZEP-RE) 10% and Africa Re 5% of all their outward reinsurance treaties, both life and non-life. The compulsory cession of 20% is in force until 2020.
Namibia	Yes.	No.	No.	Mandatory cessions to NamibRe came into effect on 1 July 2018, which comprise the following elements: (i) a 12.5% cession on all life and non-life insurance policies written or renewed in Namibia, (ii) 20% of the value of each reinsurance contract placed by locally registered (re)insurers with domestic or international reinsurers, and (iii) the first right of refusal to provide additional facultative cover on any reinsurance contract entered into by an insurer in Namibia.

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				The majority of the largest Namibian insurers have instituted court proceedings to challenge the validity of the expanded mandatory cession rules that came into effect on 1 July 2018. The ongoing legal stalemate raises challenges NamibRe to effectively fulfil its mandate.
Nigeria	No. There is no requirement for foreign reinsurers to register before they start operations in Nigeria. However, they must come through a local insurance broker. Permission to reinsure abroad can be sought from regulator. Specific guidelines state that no (re)insurance risk in the Nigerian oil and gas sector may be placed overseas without written approval of the regulator. Local capacity, which is the aggregate capacity (incl. treaty reinsurance) of all locally registered reinsurers must be fully exhausted.	No.	No, While in the past foreign ownership levels had been unregulated for the insurance industry, there have been reports in the context of the industry's current recapitalisation that foreign ownership above 30% of share capital would not be allowed. However, there are currently no restrictions on foreign investment in insurance companies which may be up to 100%.	Yes. 5% of treaty programmes to Africa Re. Additional 5% of treaty programmes, excl. life and aviation, of member companies of the West African Insurance Companies Association must be placed with WAICA Re.
Saudi Arabia	Yes.	No.	Yes. Locally incorporated (re)insurance companies are required to be listed on the Saudi Stock Exchange (Tadawul). Foreign ownership of such entities is limited as a matter of policy	Yes. Local ceding companies are required to retain at least 30% of their total insurance premium. Further to this, 30% of their total premium must be reinsured within Saudi Arabia. Such percentages are calculated based on the ceding

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			by Saudi Arabian Monetary Authority (SAMA) and it is rare for approval to be granted for a foreign investor to own more than a 40% shareholding. On 17 December 2018, SAMA issued licensing and supervision rules for foreign insurers and reinsurers wishing to establish and operate a branch in the Kingdom, including capital adequacy and financial suitability for obtaining a licence. Any locally incorporated company or branch of a foreign company, prior to commencing insurance or reinsurance operations in Saudi Arabia is required to maintain a minimum capital of SAR100m for insurance and SAR200m for reinsurance in the Kingdom. SAMA requires that directors and senior management roles of (re)insurance companies be Saudi nationals and exemptions to this requirement are subject to SAMA approval.	insurers portfolio of business (as opposed to a per risk basis).

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Senegal	Yes.	No.	No.	Yes. Local insurers face a compulsory cession of 10% of all facultative business, 6.5% of premiums plus 15% of treaties to the state-owned reinsurer, SEN-Re. From 1 January 2020, CICA-RE also receives a compulsory share of 10% and a 5% share of each and every risk. Africa Re also receives a compulsory treaty cession of 5%
South Africa	Yes, but with significant restrictions. Foreign reinsurers may not actively seek business in South Africa, except through a local subsidiary or branch. South African cedants are permitted to purchase reinsurance from offshore reinsurers.	No.	No.	No.
Sudan	Yes.	No.	No.	Yes. Local insurers are required to cede 50% of their treaty business to state-owned National Re. Local cedants must also offer all non-life facultative reinsurance to National Re, which has the option of accepting or declining on a case by case basis. Africa Re benefits from a compulsory cession of 5% of all Sudanese reinsurance treaties. ZEP-RE currently benefits from a compulsory cession of 10% of all Sudanese reinsurance treaties.

Tanzania	Yes. However overseas reinsurers and reinsurance brokers must be accredited by the Tanzanian regulator (TIRA) and pay annual accreditation levies (USD 10,000 for reinsurers and USD 5,000 for brokers). An insurer must approach the local market players and demonstrate to TIRA that it has done so using the necessary forms, before seeking to reinsure a risk overseas.	No.	No.	Yes. A policy cession of 10% of each policy written (life or non-life) and a treaty cession of 20% must be given to Tan-Re including on the underlying policies, Africa Re (5%) and ZEP-RE (10%). Insurers should have a minimum retention of 5% of its shareholders fund for every risk it reinsures overseas. For each overseas facultative risk approved by TIRA, the insurer must pay a levy of 3% of the applicable gross premium (subject to a minimum of USD 200). Additionally, a payment of 20% of any fronting fee or reinsurance commission in excess of 12%. Circular Letter No. 055/2017, which came into effect on 1 January 2018, requires local capacity to be exhausted before a risk can be reinsured overseas and mandates a minimum retention for every risk that is placed overseas. On 1 Dec 2018, TIRA issued revised guidance with the main changes being: the amendment of the levy payable on foreign facultative placements plus the TIRA levy and a new requirement for local insurers to submit quarterly treaty reinsurance statements to TIRA.
United Arab Emirates (UAE)	Yes. However, business may only be ceded to reinsurers with minimum credit ratings (Standard and Poor's "BBB",	No.	A branch of a foreign reinsurer, is required to maintain a minimum capital of AED250m for reinsurance.	No.

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	or an equivalent rating from an internationally recognised rating agency) Reinsurance for takaful business may only be obtained from retakaful providers or from conventional reinsurers provided reinsurance is funded from their retakaful operations.		Furthermore, 51% of the capital of the locally incorporated reinsurance companies must be owned by natural persons who are UAE or Gulf Cooperation Council (GCC) nationals or by legal entities which are wholly owned by UAE or GCC nationals.	
Zimbabwe	Yes, reinsurance business can only be placed with locally registered reinsurance companies.	No.	Yes, In the *Insurance Act of 1987*, provision was made for the indigenisation of all local insurance companies by August 1993. Since that date, foreign shareholdings have in theory been restricted to minority shares. This requirement was, however, not fully enforced.	No.

Jurisdiction	Is reinsurance permitted on a cross-border basis?	Are there discriminatory requirements on cross-border foreign reinsurers for collateralisation or localisation of assets?	Are there (i) any restrictions on foreign ownership of subsidiaries or (ii) any other discriminatory barriers affecting the establishment of branches or subsidiaries (if permitted)?	Are there compulsory cessions, right of first refusal rules, or other trade barriers affecting foreign reinsurers, including examples of Government interference in risk pricing?
ASIA-PACIFIC				
Azerbaijan	Yes, but cross-border reinsurers must be registered locally as 'admitted' reinsurers.	No.	Yes. Foreign insurers may open representative offices, joint ventures and fully owned subsidiary insurance companies in Azerbaijan, but branch office establishments are not permitted.	No.
Bangladesh	Yes.	No.	Yes. The maximum shareholding allowed by a foreign person or entity is 60%.	Yes. There is a compulsory cession of 50% of a direct insurer's business to be reinsured with the state-owned Sadharan Bima Corporation (SBC). The remaining 50% may be reinsured with either SBC or with any other insurer within or outside Bangladesh – subject to the approval of SBC.
Bhutan	Yes.	No.	No.	Yes. The reinsurance regulation mandates that 20% of every business underwritten by two insurance companies in Bhutan must be ceded to GIC-Bhutan Re Ltd.

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Cambodia	Yes.	No.	Yes. Branches of foreign reinsurers are not allowed.	Yes. Reinsurance business must be offered to local reinsurers before reinsurance is arranged overseas. A compulsory cession of 20% on all non-life insurance contracts must be ceded to the partially state-owned Cambodia Re.
China	Yes. However, Chinese insurers face credit risk charges on all cessions, based upon solvency ratios and collateralised assets of the reinsurer. The charges applied in respect of offshore reinsurers are greater than those applied to onshore reinsurers.	Yes. In order to avoid a credit risk charge of 58.8% for all cessions, offshore reinsurers will need to collateralise their reinsurance assets upon requirement from the ceding company (it is not mandatory). Doing so will lower the credit risk charge they face to 8.7%, assuming they meet the additional solvency requirement.	Yes. In order to be considered for a branch, joint venture or subsidiary licence, foreign insurers must have total assets of at least USD 5bn; and meet other conditions which China Banking and Insurance Regulatory Commission (CBIRC) deems prudently necessary. There is a minimum number of mandatory positions that a foreign insurance/ reinsurance entity in China must fulfil, which is considered high compared with other international jurisdictions. CBIRC has removed the requirement for the persons in these positions to take the qualification exam as of 1 February 2021. Qualification applications are now assessed through a review of the application and interviews with the candidate.	Yes. With the exception of aviation, aerospace, nuclear, oil and credit reinsurance contracts, the amount of proportional business ceded to any one reinsurer in respect of any one risk should not exceed 80% of the sum insured or liability limit of the direct insurance policy. The amount of each facultative cession to an affiliated company of the cedant should not exceed 20% of the sum insured or limit of liability of the direct insurance policy. We note that the latest draft regulation does not contain this restriction.

			The main issue affecting the applications for establishing foreign owned insurance/reinsurance operations in China is the discretionary timeframe by the regulator for admitting and processing the applications. This leads to a complete uncertainty regarding the time it would take for an application to be processed and approved from the moment the application materials are handed in. A process that in theory should not take more than a few months, according to the existing regulations, may in reality take several years.	
India	Yes. However, the cross-border reinsurers need to be registered with the regulator and have a Unique Identification Number (UIN) which is issued each year. The application for UIN is to be made by any one local insurer and through upload of rating and financial documents of the cross-border reinsurer.	No. However, Insurance Regulatory and Development Authority of India (IRDAI) has kept a provision to introduce collaterals at a later stage but currently they haven't issued any collateral requirements.	Yes, but following the amendment to the Insurance Act in 2015, the limit on direct and indirect foreign ownership and operation changed from 26% to 49%. The IRDAI has issued regulations governing the establishment and operations of branches of foreign reinsurers and also for Lloyd's. Following the Union Budget announcement in July 2019, 100% foreign direct	<u>Compulsory cession</u> Yes, 5% of each non-life policy must be ceded to the "Indian reinsurer", the General Insurance Corporation (except for terrorism and nuclear risk). No more than 10% of an Indian insurer's off-shore reinsurance premium (as a percentage of total off-shore reinsurance premium) can be placed with any single reinsurer that has a rating of BBB or BBB+, 15% with a foreign reinsurer with a rating higher than BBB+ and up to and including A+, and 20% with one that has a rating higher than A+. If an

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			investment will now be permitted for insurance intermediaries. Similarly, the government announced in February 2021 its intention to increase the FDI limit from the current 49% to 74%. The Insurance (Amendment) Bill 2021, which will implement this reform, was passed by both houses of Parliament in March 2021 and has been gazetted. The increase in FDI limit is expected to be accompanied by the requirement for the majority of the company's management to be resident Indian citizens.	insurer wants to cede a larger proportion of the risk with a foreign reinsurer, it requires the regulator's specific approval. Indian life insurers must reinsure a percentage of the sum assured on each policy with domestic reinsurers. Compulsory cessions are included as provisions in the Insurance Act. However, there is currently no fixed % to be ceded. Taxation For tax purposes, foreign reinsurance branches are treated as "non-residents", requiring them to pay a corporate tax of 40% plus surcharge/education cess, whereas local players enjoy an effective tax rate of only 22% plus surcharge/education cess. Order of Preference The Order of Preference Regulations (applicable to non-life business only) create a tiered system whereby Indian insurers are required to cede business to reinsurers according to a prescribed order of preference. With effect from 1 January 2019, the Insurance Regulatory and Development Authority of India (Reinsurance) Regulations 2018 (IRDAI Reinsurance Regulations) confirms the enforcement of the Order of Preference Regulations and now refers to the order of

				preference itself as the "offer for participation". The two steps involved are as follows: Step 1: Obtaining best terms for cessions - Cedants shall seek terms from all Indian reinsurers who have been transacting reinsurance business in the past three years and at least from four Foreign Reinsurer Branches. - No cedant shall seek terms from International Financial Service Centre Insurance Offices having a credit rating below A- or Cross Border Reinsurers having a credit rating below A-. - No cedant shall seek terms from any Indian insurer not registered with IRDAI to transact reinsurance business. Step two: Offer for Participation Every cedant shall offer the best terms in the following order of preference: (a) Indian reinsurers (GIC Re); (b) to other Indian reinsurers and FRBs; (c) Insurance Offices which provide the best terms if not less than 10%; (d) CBRs that provide the best terms if not less than 10%; (e) other Insurance Offices; (f) other Indian insurers (facultative) and CBRs.

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				Compulsory retention With effect from 1 January 2019, every Indian reinsurer shall maintain a minimum retention of 50% of its Indian business. Confirmation of participation on risk and receipt of premium The IRDAI requires all Indian cedants to obtain confirmation from reinsurers of their participation on risk and receipt of premium. This requirement applies to reinsurers both onshore and offshore. Many reinsurers, particularly those offshore, are concerned that this requirement is burdensome, particularly as premium declaration can be difficult to ascertain. This requirement is now impacting the annual cross-border registration process, as reinsurers who have written Indian business for some time, may not be able to register as they have been unable to provide the required confirmations in all situations.
Indonesia	Yes, however it is prohibited to place certain reinsurance business offshore (see compulsory cession section for further information). Foreign reinsurers must also have a minimum BBB or equivalent rating.	No.	Yes, branches of foreign insurers are not permitted. Only an incorporated company in Indonesia can apply for a licence to carry on business as an insurer. On 17 April 2018, the Indonesian Government issued the regulation GR14/2018 on Foreign Ownership of	Yes. From 1 January 2016 Indonesian insurers are required to place all “simple risks” with domestic reinsurers, namely Indonesia Re which was established by the Indonesian Government in 2015 to increase domestic reinsurance capacity. This includes all reinsurance of life, health, personal accident, motor, credit and

			Insurance Companies. This confirms that there are no changes with caps on foreign ownership of 80%, including for reinsurance companies. For entities which have already exceeded the 80% foreign ownership cap at the time the Regulation came into force, they will not be required to meet the 80% cap.	suretyship business. However, subject to approval by the Indonesia Financial Services Authority (OJK), there are three exceptions to the 100% local cession requirement for simple risks. These are: (i) products specifically designed for multinational companies; (ii) medical reimbursement products with global coverage; (iii) new products developed by a foreign reinsurer. A new product designed by a foreign reinsurer can be reinsured with the foreign reinsurer for a maximum of four years, after which the new policies will be subject to the local cession rules. If the OJK grants an exemption, a maximum offshore cession of 75% may be permitted, with a minimum cession to domestic reinsurers of 25% (similar to “non-simple risks”). For other insurance business (“non-simple risks”), a minimum of 25% of reinsurance of that business must be placed with domestic reinsurers and up to 75% may be placed with offshore reinsurers. Regulation 39/POJK.05/2020 (dated June 2020) gradually removes the requirement for ‘simple risks’ to be reinsured with a domestic reinsurer. However, reinsurance may only be placed with reinsurers located in a country which has a bilateral trade agreement with Indonesia. A similar reform is expected for "non-simple risks" after 2022.

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Israel	Yes.	Yes. Regulatory Guidelines specify that foreign reinsurers deposit collateral for proportional treaty reinsurance transactions. The level of the deposit is calculated according to various criteria, including the reinsurer's rating and the class of business. There is no such requirement for non-proportional treaties.	No.	No.
Malaysia	Yes. However, there is a tiered system of reinsurance. Bank Negara requires all local direct insurers to cede business first to local reinsurers (first tier) and then to Labuan-based reinsurers (second tier). Only after these two options have been exhausted may business be offered to 'offshore' or third tier reinsurers.	No.	Yes, there is a 70% limit on foreign equity ownership.	Yes. (a) Mandatory "voluntary" cessions to Malaysia Re for treaty and facultative business are required on a quota share basis for direct insurers at 2.5% for all classes. This requirement is to continue until the abolition of fire and motor tariffs which is expected, following a review, to take place in 2019; (b) Malaysian Re must be offered up to 15% for both proportional and non-proportional treaty reinsurance (excluding aviation, energy and D&O); (c) for facultative and engineering reinsurance Malaysian Re must be offered up to 15% of MYR 5mn on a total sum insured basis, the PML monetary limit being MYR 1.5mn;

				(d) for retrocession, 20% must be offered by Malaysian Re to licensed direct insurers in Malaysia, for treaty and facultative business. Individual companies can choose to accept this or not.
Myanmar	Yes. Effective from 1 October 2020, local insurers can now reinsure directly to the foreign market. Foreign reinsurers or cross-border reinsurers who do not have a license to conduct insurance business in Myanmar will now also be permitted, subject to the following conditions: 1. They must have been licensed in their home country for at least the past three continuous years; 2. They must have a credit rating of at least BBB from S&P or equivalent for at least the past three continuous years; 3. They must have maintained a minimum solvency margin or capital adequacy as specified by their home country regulator for at least the past three continuous years; 4. Their past claims settlement must be satisfactory to the local regulator; and	No.	Yes, currently foreign companies are allowed to do business only from a special economic zone. Starting 2019, the local regulator granted insurance business licences to conduct life insurance business to five 100% foreign owned life insurance companies. Furthermore, three foreign based general insurance companies and three foreign based life insurance companies were also recently allowed to form joint venture insurance companies with local insurers. Foreign participation is allowed up to 35% in accordance with the "foreign company" thresholds pursuant to the Myanmar Companies Law 2017 (MCL 2017). Whether this existing number of 100% foreign owned and/or joint venture companies will be increased remains to be seen.	Yes, the cedant must cede a compulsory maximum of 10% of any insurance segment business to Myanma Insurance (the state-owned insurance company). Myanma Insurance is free to accept or reject the cession and will presumably be able to impose upon it such terms as it sees fit. Only if Myanma Insurance fails to offer such reinsurance is the insurer free to obtain cross border reinsurance from a foreign reinsurer for that original 10%. Likewise, other than for life insurance, insurers must offer the best terms obtained to reinsurers in the following order: 1. Myanma Insurance; 2. Myanmar reinsurers or foreign reinsurers with representative offices in Myanmar; and 3. Foreign reinsurers. Insurers are obliged to follow this order of priority only if the terms offered are equaled (or bettered).

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	5. They must comply with other requirements that may be stipulated by the local regulator. Furthermore, placements with cross border reinsurers by the cedants conducting insurance activities (other than life insurance) shall be subject to the following overall cession limits during a financial year: 1. Greater than A+ - 50% maximum cession 2. Greater than BBB+ and up to and including A+ - 40% maximum cession 3. BBB & BBB+ - 20% maximum cession. No placement exceeding these limits shall be made without prior approval from the local regulator.			
Nepal	Yes.	No.	No.	Yes. From 16 July 2018, the Ministry of Finance requires local insurance companies to reinsure 20% of their business (excluding aviation, trekking and travel medical insurance) to Nepal Re. Previously, insurers were only required to cede 5% to Nepal Re.
Pakistan	Yes. However, in case of foreign reinsurers, at least 80% of total reinsurance	No.	No.	Yes. There is a system of mandatory cessions and a right of first refusal by the state-owned

	must be placed with a reinsurer with A or above rating by S&P or equivalent rating by other international rating agencies. Remaining risk can be placed with S&P BBB or above rated reinsurer or equivalent rating by other international rating agencies.			Pakistan Reinsurance Company Limited (PRCL or Pak Re) and by the local market. On treaty contracts, insurers are obliged to offer Pak Re up to 35% of their non-life treaty business, which it can choose to accept or not. Facultative business must be offered to Pak Re, which may accept this or not without limit at its discretion. A certificate of no-objection must also be obtained from the regulator before a risk is offered to overseas reinsurers. In order to obtain this the ceding company must produce evidence of declinatures from the local market. A press release issued by the Securities & Exchange Commission of Pakistan (SECP) in June 2019, advised that a roundtable was held with market stakeholders to discuss ways of reducing the amount of reinsurance ceded overseas. Discussions included, retention policies, the setting up of a local reinsurer, mandatory cession requirements, the implementation of a policy on fronting, establishing an online risk sharing portal. The timeline for any potential changes remains unknown.
Philippines	Yes, but foreign reinsurers need to appoint an agent who is a Philippine resident or company for direct reinsurance business, to	No.	No.	Yes. There is a mandatory cession of 10% of each and every outward reinsurance treaty and facultative placement to Philippine National

	represent the reinsurer in cases of legal action. It is illegal for Philippine insurers to cede to non-admitted reinsurers without a 'resident agent', unless there is a foreign broker in the placement chain (who must have a 'resident agent' of their own).			Reinsurance Company, the state-owned reinsurer. For marine hull, aviation, money, securities, payroll and robbery risks on a facultative reinsurance placement, cedants/reinsurers must have unsuccessfully attempted to place the risk with two local direct companies, one foreign authorised company and one domestic professional reinsurer before the regulator will grant them permission to approach an unauthorised foreign company. For all other facultative placements, at least five local direct underwriting companies, three foreign authorised companies and one domestic professional reinsurer must have been approached.
Singapore	Yes, but ceding companies using a reinsurer without a local, physical presence will be penalised by higher RBC charges.	Yes. Under Singapore's Insurance (Authorised Reinsurers) Regulations 2003, authorised reinsurers are required to hold a minimum deposit of SGD2 million, 30% of gross premiums or 30% of gross liabilities in respect of cross-border reinsurance, whichever is greater.	No.	No.
South Korea	Yes, but South Korean insurance companies are prohibited from engaging in face-to-face meetings, including all marketing	No.	No.	With effect from 1 January 2019, insurers are required to hold a minimum retention of 10% of every short-term non-life insurance contract. The requirement does not

	activities, with unlicensed foreign reinsurers in South Korea unless a broker is present. Foreign reinsurers may only contact South Korean cedants by means of mail, telephone, fax, video conference or the internet.			apply to motor policies, retrocession business, or to larger or unusual risks which the insurer's risk committee agrees would not be possible to retain. The minimum retention is interpreted to mean 10% of the policy premium, not 10% of the policy limit or sum insured.
Sri Lanka	Yes.	No.	No.	Yes. There is a mandatory 30% cession of non-life reinsurance to state owned insurance and reinsurance company, the National Insurance Trust Fund (NITF) - aviation and energy risks are exempt from this rule. A 10% cession was first introduced in 2008 and was increased in 2013. With effect from 1 January 2017, for insurers wishing to place reinsurance with a related reinsurer, the reinsurer must have a security rating of at least A from any of the 4 main ratings agencies.
Thailand	Yes. However, the credit risk charges in RBC calculation do not apply to local reinsurers (e.g. Thai Re or other local insurers writing reinsurance inwards). This gives domestic insurance companies incentive to place business locally. The Rules, Procedures and Conditions on Reinsurance	No.	No. A licensed insurance company may apply to the Finance Minister for permission to have 50% or more (and up to 100%) foreign shareholding, and for foreign directors to comprise more than half of the directors on its board.	No. The compulsory cession to Thai Re is no longer applicable.

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	of Life and Non-life Insurance Companies BE 2561 (effective from 1 September 2018) have introduced the following credit rating requirements: • Overseas placements of reinsurance can only be made with a reinsurer with a credit rating of "BBB" from Standard & Poor's (or the equivalent from AM Best, Fitch or Moody's). • An insurer may cede up to 100% of the total premium of any given risk with a reinsurer with a rating "A-" or above. • An insurer may cede a maximum of 50% with a reinsurer with a rating of "BBB" (or the equivalent).			
Vietnam	Yes, although the Vietnamese regulator has introduced requirements regarding local retention limits.	No.	No.	Where an insured risk is ceded at the request of the insured, an insurer is only permitted to reinsure (either domestically or overseas) up to 90% of its total insurance liability.

Jurisdiction	Is reinsurance permitted on a cross-border basis?	Are there discriminatory requirements on cross-border foreign reinsurers for collateralisation or localisation of assets?	Are there (i) any restrictions on foreign ownership of subsidiaries or (ii) any other discriminatory barriers affecting the establishment of branches or subsidiaries (if permitted)?	Are there compulsory cessions, right of first refusal rules, or other trade barriers affecting foreign reinsurers, including examples of Government interference in risk pricing?
EUROPE				
Belarus	Yes.	No.	No.	Yes. Local insurers must make a compulsory cession to Belarus Re of any risk surplus to the ceding company's maximum net retention of 20% of capital. The compulsory cession has been 100% since 1 January 2015. Cross-border reinsurance is only allowed if Belarus Re declines the risk or only reinsures part of it.
European Union (EU)	Yes, subject to rules existing in individual EU Member States, which may be modified by the EU's positive equivalence determination in respect of the relevant non-EU jurisdiction. EIOPA Recommendation 9, which applies to both insurance and reinsurance business, confirms that intermediaries must be authorised under the	No.	No.	No.

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	Insurance Distribution Directive (IDD), if they intend to carry out distribution activities which target EU policyholders and EU risks. When combined with Article 16 of the IDD, the practical implication of this is that any intermediated reinsurance placements (i.e., not a direct insurer-reinsurer or reinsurer-reinsurer relationship) on behalf of EU cedants must involve only EU-authorised intermediaries (with an appropriate level of corporate substance within the EU).			
France	Yes.	No.	No.	Yes. Although it does not receive compulsory cessions, the state-owned reinsurer (CCR) is the exclusive beneficiary of a State guarantee. This allows CCR to offer Nat Cat reinsurance at highly competitive conditions leading to a dominating role in the French Nat Cat reinsurance market.
Germany	Yes, but it is restricted. The German Insurance Supervision Act (VAG), requires as foreseen in the Solvency II directive third country (re)insurers who want to conduct business in Germany to have a permission from the German supervisory authority (§ 67	No.	No.	No.

	VAG) and requires them to establish a branch in Germany (§ 68 VAG). The authorisation and branch requirement does not apply to (re)insurers solely carrying on reinsurance business in Germany through provision of cross-border services, if they are domiciled in a jurisdiction for which the European Commission has decided on the basis of Article 172 (2) or (4) of the Solvency II Directive that the solvency regime applying to reinsurance activities of undertakings with their head office in that jurisdiction is (temporarily) equivalent to Solvency II. Cross-border reinsurance in the form of the so-called “insurance by correspondence” continues to be allowed and is not subject to authorisation. According to the Germany’s Federal Financial Supervisory Authority (BaFin), this applies to reinsurance business if, at the instigation of an undertaking domiciled in Germany, a reinsurance contract is concluded by correspondence with a primary insurer or reinsurer domiciled abroad without one of the parties being assisted			

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	by a professional intermediary in Germany or a professional intermediary domiciled abroad but acting as intermediary in Germany.			
Moldova	Yes.	No.	Yes. Foreign branches are not allowed.	No.
Portugal	Yes.	Yes. In accordance with local legislation, and subject to regulations to be issued under this legislation, ceding insurers cannot take credit on their balance sheets for reinsurance purchased from non-EEA reinsurers from non-equivalent regimes unless such reinsurers guarantee their obligations by way of collateral. The regulations have not yet been issued.	No.	No.
Russia	Yes.	No.	Yes. Branches of foreign reinsurers are not permitted.	Yes. All insurers/reinsurers must offer a 10% share in all outward reinsurance placements to the Russian National Reinsurance Company (RNRC). The RNRC must accept at least 10% of business subject to international sanctions, while in respect of all other business offered, it may accept the 10%, decline or reduce participation, or agree to take a higher share than 10% if offered by a cedant/retrocedent. This originally applied to contracts incepted on 1

				Jan 2017 and after, but from 1 Jan 2018, any treaty or facultative outward reinsurance signed prior to 1 Jan 2017 also became subject to the mandatory cession requirement.
UK	Yes.	No.	Yes, some non-EU reinsurers have been encouraged to convert their branches into subsidiaries to ensure adequate local capital for the benefit of UK (re) insureds.	No.

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Jurisdiction	Is reinsurance permitted on a cross-border basis?	Are there discriminatory requirements on cross-border foreign reinsurers for collateralisation or localisation of assets?	Are there (i) any restrictions on foreign ownership of subsidiaries or (ii) any other discriminatory barriers affecting the establishment of branches or subsidiaries (if permitted)?	Are there compulsory cessions, right of first refusal rules, or other trade barriers affecting foreign reinsurers, including examples of Government interference in risk pricing?
NORTH & SOUTH AMERICA				
Argentina	Yes, but cross-border foreign reinsurers have to be registered as an Admitted Reinsurer with the regulator and have limited market access. Individual and catastrophe risks with insured sums from USD 35m may be reinsured by Admitted Reinsurers in its entirety.	No. That said, minimum capital requirements that can vary based on the amount of written premium are applied for branches. The minimum capital requirement for local reinsurers is ARS 350m. In addition, Admitted Reinsurers must evidence having: (1) a net worth in excess of USD 100m; (2) credit ratings of the last three years granted by the following international rating agencies: • A.M. Best: minimum qualification B+; • Standard & Poor's International Ratings Ltd.: capacity to pay claims, minimum qualification BBB;	No. Not for Foreign Reinsurers registered as Admitted Reinsurers in Argentina. However, foreign reinsurers willing to register as local reinsurers and enjoy unrestricted market access must set up an Argentine branch with capital equalling the greater of ARS 350m or 16% of premium retained or 40% of gross written premium.	Yes. The percentage of ceded premiums per contract that may be ceded by Argentinian insurers to Admitted Reinsurers has been gradually increased in recent years and currently stands at 75%. The threshold for exceptions to the above limitation is USD 35m, allowing individual risks over USD 35m to be placed in their entirety with Admitted Reinsurers. Additionally, catastrophe reinsurance agreements exceeding the threshold also qualify for this exemption. In addition, local reinsurers may not transfer more than 75% of aggregate premiums in a fiscal year to subsidiaries or companies belonging to the same financial conglomerate located abroad.

		• Moody's Investors Service: Financial Solvency, minimum qualification BBB; • Fitch IBCA Ltd.: capacity to pay claims, minimum qualification BBB.		
Brazil	Yes, but there is requirement for foreign reinsurers to be registered as either an 'Admitted' or an 'Occasional' reinsurer. See notes on changes under Prospective Issues table.	Yes. Admitted reinsurers face a local minimum deposit requirement and minimum capital and rating requirement that varies depending on risk rating and business activities Therefore, foreign reinsurers registered in the Admitted category must hold a minimum "BBB-" S&P risk rating or "BBB-" Fitch or "Baa3" Moody's or "B+" AM Best and net assets of USD 100mn ("BBB" S&P risk rating and net assets of USD 150mn for Occasional reinsurers) and a foreign currency bank account in Brazil tied to the regulator, with a minimum deposit of USD 5mn (USD 1mn for life reinsurers).	Yes. There are no restrictions on foreign ownership of subsidiaries. However, foreign reinsurers registered in the Admitted category must set up and capitalise a representative office in Brazil which is required to have a Brazilian quota-holder with at least one quota share. A 2% withholding tax applies to overseas premium remittances. The local regulator must give approval for a foreign insurer to set up a representative office. A financial operations tax of 0.38% applies to foreign exchange transactions.	Yes. Local insurance companies can cede up to 95% of their total ceded RI premiums to Occasional reinsurers (previous limit 10%). Local reinsurers can now cede up to 95% of their total premiums (previously 50%) to Occasional reinsurers. The local market holds a right of first refusal (preferential offer) over 40% of each reinsurance risk, according to the Complementary Law nº 126/2007. A requirement for retention of 50% from the written premium is in place, except for surety bonds, agricultural (re)insurance, and export/domestic credit (re)insurance. Calculation is based on risks written in the calendar year. Following the reforms introduced in 2019, insurance companies can also exclude from the retention basis property (named risks and operational risks), aviation (hull), facultative aviation liability, and

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				energy insurance risks. The scope of this modification did not extend to local reinsurers.
Canada	Yes.	Yes. The existing Collateral requirement for registered cedants to receive favourable capital treatment with respect to unregistered reinsurance has been increased, effective 1 Jan 2020, from 115% to 120% of Ceded Policy Liabilities, plus receivables from the assuming insurer, minus the amount of payables to the assuming insurer.	No.	No.
Colombia	Yes. Local regulation requires the registration of the foreign carrier.	No.	No.	Yes. Article 2.31.1.7.1 of Decree 2555/2010, applicable to facultative as well as treaty business, requires Colombian insurers and reinsurers to retain reserves on premiums ceded to foreign reinsurers under proportional reinsurance contracts in the following percentages: - Mining and Petroleum - 10% - Aviation and Marine Hull - 10% - Bankers' Blanket Bond (BBB) - 10% - All other classes - 20%.
Ecuador	Yes, but subject to restrictions. All foreign reinsurers should be registered and authorized by Superintendencia de	No.	No.	Recent regulation 2020 Oficio Nro. JPRMF-2020-0507 removed cession restrictions (which previously limited cessions to 10%) for life, health and personal accident

	Compañías, Valores y Seguros de Ecuador.			insurance and relaxed rules on motor insurance. Foreign transaction tax of 5% applies to all payments sent from Ecuador abroad. Withholding tax on premiums paid overseas varies depending on the reinsurer's jurisdiction, starting from 6.25% on premiums ceded abroad. For countries with which Ecuador has a double taxation agreement, the automatic application of the agreement is only allowed up to a limit after which tax is retained and needs to be reclaimed from the Ecuadorian tax authorities. Any documentation of contracts concluded abroad needs to be apostilled.
United States	Yes.	Yes, unlicensed and non-US reinsurers must post 100% collateral for the ceding insurer to get credit for reinsurance on its balance sheet. However, all states have now adopted the 2011 NAIC framework providing reduced collateral (less than 100%) for approved reinsurers. In 2011, the NAIC adopted revisions to its Credit for Reinsurance Models,	Yes. As part of the passage of the Tax Cuts and Jobs Act of 2017, a new tax is levied on all "deductible" cross-border payments between a reinsurer's US affiliates and non-US affiliates.	No.

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		providing reductions in collateral for well regulated, financially strong reinsurers. As of February 2020, all US States have adopted, and 48 have implemented reduced collateral regulations. On 22 September 2017, the US-EU Bilateral Agreement was formally executed and implementation efforts have now begun. The Agreement directs States to adopt legislation eliminating discriminatory reinsurance collateral provisions within 5 years. Failure to do so could lead to the Federal Government pre-empting State laws that are inconsistent with the Agreement. In anticipation of the departure of the UK from the EU, a separate covered agreement between the US and the UK was signed in December 2018 and entered into force on 31 December 2020. This replicates the terms of the US-EU agreement. On June 25, 2019, the NAIC adopted revisions to its Model Credit for Reinsurance Law & Regulation		

		implementing the covered agreement and providing a process for reinsurers domiciled in jurisdictions with robust regulatory regimes to qualify for zero collateral. The revisions will now need to be enacted at state level. As at 2 April 2021, 25 US states have completed this (several bills are still pending in additional states).		

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GLOBAL REINSURANCE FORUM

IV. Prospective trade barriers and market access issues

Jurisdiction	Are the proposals restricting or liberalising the ability to conduct cross-border reinsurance?	Will reinsurance be permitted on a cross-border basis?	Will there be discriminatory requirements on cross-border foreign reinsurers for collateralisation or localisation of assets?	Will there be (i) any restrictions on foreign ownership of subsidiaries or (ii) any other discriminatory barriers affecting the establishment of branches or subsidiaries (if permitted)?	Will there be compulsory cessions or right of first refusal rules?
AFRICA					
Egypt	Yes, they are restricting.	Yes.	No.	No.	According to the Vice Chairman of the Financial Regulatory Authority (FRA) and the Insurance Federation of Egypt (IFE) are studying minimum retention rates in the local market, with a view to introducing them. The aim of minimum retention rates is to limit the outflow of premiums abroad through reinsurance. The FRA is also considering the establishment of a state reinsurance company.

United Arab Emirates (UAE)	No.	Yes, but minimum credit ratings apply.	No	Insurance Authority's Board of Directors Decision No.(23) of 2019 Concerning Instructions Organizing Reinsurance Operations (published in May 2019) outlines the framework for registering branch operations within the UAE. Please see the main section of the table.	No.

GLOBAL REINSURANCE FORUM

Jurisdiction	Are the proposals restricting or liberalising the ability to conduct cross-border reinsurance?	Will reinsurance be permitted on a cross-border basis?	Will there be discriminatory requirements on cross-border foreign reinsurers for collateralisation or localisation of assets?	Will there be (i) any restrictions on foreign ownership of subsidiaries or (ii) any other discriminatory barriers affecting the establishment of branches or subsidiaries (if permitted)?	Will there be compulsory cessions or right of first refusal rules?
ASIA-PACIFIC					
Australia	Restricting.	Yes.	The proposed updates to Prudential Standard LPS 117 Capital Adequacy: Asset Concentration Risk Charge (LPS 117) will impose an aggregate limit on the exposure of life insurers to offshore reinsurers, which are not regulated by Australian Prudential Regulation Authority (APRA). Proposals are currently consulted on with the deadline for comments 25 June 2021.	The proposed updates to Prudential Standard LPS 117 Capital Adequacy: Asset Concentration Risk Charge (LPS 117): Offshore reinsurers that enter the domestic market and become an APRA-registered entity will not be subject to the aggregate limit.	Yes, a 12.5 per cent of VAF (value of assets of the statutory fund or general fund) aggregate limit for offshore reinsurers (rather than 5 per cent, as initially proposed); maintain the existing individual offshore reinsurer limits of 5 per cent of VAF for counterparties with counterparty grade 1, 2 or 3, and 2.5 per cent of VAF for lower grade counterparties (rather than reducing proposal to retain the planned 12.5 per cent of VAF individual limit for offshore related parties (where approved by APRA).

India				The government announced in February 2021 its intention to increase the FDI limit from the current 49% to 74%. The Insurance (Amendment) Bill 2021, which will implement this reform, was passed by both houses of Parliament in March 2021 and has been gazetted. The increase in FDI limit is expected to be accompanied by the requirement for the majority of the company's management to be resident Indian citizens.	
Indonesia	(i) They clarify the existing position on foreign ownership restrictions. (ii) They liberalise access to reinsurance for certain reinsurers only.	Yes.	No.	(i) Yes. As anticipated, the Government Regulation No. 3 of 2020 (GR3/2020) amended the existing regulation GR14/2018 on Foreign Ownership of Insurance Companies to confirm that companies with foreign ownership in excess of the permitted 80% threshold will be able to maintain their current foreign shareholding when increasing capital in the future. The scope of GR14/2018 includes reinsurance companies. (ii) Regulation 39/POJK.05/2020 (dated June 2020) gradually removes the requirement for 'simple risks' to be reinsured with a domestic reinsurer. However, reinsurance may only be placed with reinsurers located in a country which has a	No.

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				bilateral trade agreement with Indonesia. A similar reform is expected for "non-simple risks" after 2022.	
Malaysia	No.	Yes.	No.	Yes. However, recent press releases and statements have suggested that Bank Negara Malaysia may relax the enforcement of the 70% foreign ownership cap. Despite still staying in place, the regulator may add some flexibility to the deadline date and also provide foreign insurers with alternative options if divestment down to 70% ownership proves difficult.	No.
Mongolia	Yes, they are restricting.	No.	No.	No.	Amendments to the Law on Insurance of 30 April 2004 have been discussed and a draft law prepared for further consideration by parliament. The discussion has been postponed until 2021. Amongst other things, the new legislation may introduce a compulsory cession to Mongolian Re, the state-owned reinsurer. Improvements to the regulatory framework for co-insurance and for the supervision of foreign insurers

					operating in Mongolia are reportedly included in the draft.
Myanmar	Yes, they are further liberalizing.	Yes.	No.	No. After allowing a total of eleven 100% foreign owned and JV companies to enter the market in 2019, there are no talks yet on whether they will increase this number.	The Ministry of Planning, Finance and Industry Insurance Business Regulatory Board issued draft directions on March 2020 for public consultation. Other than the items already discussed, there are no further new provisions on compulsory cessions or right of first refusal that are expected to come out anytime soon.
New Zealand	Restricting.	Yes. As part of the review of the Insurance (Prudential Supervision) Act 2010, the Reserve Bank of New Zealand is considering tightening rules on cross border reinsurance in various ways (e.g. changing the definition of carrying on business in New Zealand).	Public consultation on the proposed reform included a discussion on introducing mandatory assets in New Zealand test for overseas branches.	It also included a discussion on introducing greater licensing and supervision of overseas reinsurers. Incorporation might be required for all overseas insurers.	Proposal of managing reinsurance risk would be to place more explicit requirements on insurers to manage their risk. That could be done through greater supervision of insurers' own reinsurance risk management procedures, imposing restrictions on the kinds of reinsurance that can be purchased.

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Thailand	No, but it remains to be seen.	Yes.	No.	No. Thailand's Ministry of Finance has launched a public hearing on regulations for applying and issuing reinsurance licences in the form of a branch or foreign insurance company. It remains to be seen whether these new regulations will be liberalising or restricting.	No.
Vietnam	Remains to be seen.	Draft Insurance Business Law's definition of 'reinsurer' covers reinsurers established under the provisions of this law only (including branches), which might restrict the ability of offshore reinsurers to provide reinsurance coverage.	No.	No.	No.

GLOBAL REINSURANCE FORUM

Jurisdiction	Are the proposals restricting or liberalising the ability to conduct cross-border reinsurance?	Will reinsurance be permitted on a cross-border basis?	Will there be discriminatory requirements on cross-border foreign reinsurers for collateralisation or localisation of assets?	Will there be (i) any restrictions on foreign ownership of subsidiaries or (ii) any other discriminatory barriers affecting the establishment of branches or subsidiaries (if permitted)?	Will there be compulsory cessions or right of first refusal rules?
EUROPE					
Russia	No.	Yes.	No.	No. Russia has committed to allowing foreign reinsurance companies to open branches by August 2021, subject to having eight years of experience in providing life insurance services and five years' experience in all other remaining sectors, having more than five years of running direct subsidiaries in foreign markets and having aggregate assets of at least USD 5 billion. Russian Government introduced draft legislation into Russian Parliament in early 2021.	
United Kingdom (UK)	Liberalising.	Yes.	US-UK Covered Agreement entered into force on 31 December 2020. Its provisions are consistent with the US-EU Covered Agreement signed in 2017. See details of the US-EU agreement earlier in the document.	No.	No.

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Jurisdiction	Are the proposals restricting or liberalising the ability to conduct cross-border reinsurance?	Will reinsurance be permitted on a cross-border basis?	Will there be discriminatory requirements on cross-border foreign reinsurers for collateralisation or localisation of assets?	Will there be (i) any restrictions on foreign ownership of subsidiaries or (ii) any other discriminatory barriers affecting the establishment of branches or subsidiaries (if permitted)?	Will there be compulsory cessions or right of first refusal rules?
NORTH & SOUTH AMERICA					
Brazil	In March 2021, the government proposed the merger of Admitted and Occasional reinsurer categories with entities becoming automatically licensed under the new category of Registered reinsurer. The merger will significantly reduce the regulatory requirements for Admitted reinsurers.	Yes.	Details to be assessed.	Details to be assessed.	The Brazilian government is reviewing the possibility of also lifting the existing preferential offer system to Local Reinsurers. It is understood that this will be a gradual reduction with the intention to eliminate the requirement in stages.
Canada	Yes. They are restricting.	Yes.	Yes. In addition to the current requirement for 120% of collateral on reinsured balances the federal (re) insurance regulator is contemplating various possibilities to address concerns related to large limit exposures and counterparty	No.	No.

			concentration risk including: (1) Full collateral for the 3 largest policy limits may be required in advance of any loss. (2) Overall exposure to any one reinsurance group might be limited. (3) Reinsurance concentration risk capital may be required. On June 8, 2018, the Office of the Superintendent of Financial Institutions (OSFI) released a Discussion Paper on OSFI's Reinsurance Framework ("OSFI's 2018 RF"), outlining several proposed changes to the existing reinsurance regulatory framework. OSFI conducted a multi-year review of Canadian reinsurance practices and identified some concerns related to the "leveraged business model". OSFI also has concerns related to risks associated with large exposures and concentration of		

			reinsurance counterparties. OSFI proposed two major changes in the new framework: (1) Introduce a prescriptive rule to establish a link between policy size, insurer financial resources and reinsurance structure and nature (2) Adjust the capital framework to increase capital requirements related to various types of reinsurance arrangements In addition to these two main changes, OSFI's new reinsurance framework proposes several other changes to be introduced as part of a revised B-2 Guideline for P&C; a revised B-3 Guideline, revised DA 21 Transaction Instructions, and possible additional changes to capital guidelines. Under the OSFI's proposed new rule, the maximum policy limit that a P&C federally regulated insurer (FRI) could issue would		

			depend upon its level of available capital, the flow of reinsurance payments, the reinsurer's registered/unregistered status, excess collateral, as well as the diversity of its unregistered reinsurance counterparties. After significant industry feedback OSFI is revising the proposals contained in the draft B2 guideline. At the end of November 2020 OSFI proposed an amended rule which is incorporated in draft revised Guideline B-2 for consultation, with comments due 18 March 2021. The amended rule requires a FRI to be able to cover the maximum loss related to a single insurance exposure (as opposed to three of its largest policy limit losses) on any policy it issues, assuming the default of its largest unregistered reinsurer on that exposure. The		

			amended rule is expressed as a percentage of total capital available (or net assets available for foreign branches).		