



# Multinational Underwriting Services

## GLOBEX UPDATE

*Events, developments, and opportunities in the international marketplace*

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**Key words in this issue: *Argentina Regulations, India Premium Tax, Brazil .....***

### **Argentina – Changes in Regulatory Framework**

On May 4, 2017 the Resolution No. 40422-E/2017 of the National Superintendence of Insurance ("SSN") was published, substantially amending the regulatory framework of the reinsurance regime in Argentina. In a nutshell, the changes would include the following: (i) Allow more placement of risks with foreign admitted reinsurers; (ii) Eliminate the requirement that they register as permanent representation; (iii) Update the minimum capital required from local reinsurers; (iv) Extend deadlines to prove such capital; and (v) Establish an alternative restructuring plan, among other changes. The minimum capital required from local reinsurers and insurers licensed to operate in reinsurance as of July 31, 2016 was increased from AR\$300 million (approximately USD 20 million) to AR\$350 (approximately USD 22.5 million). In relation to admitted foreign reinsurers, the required net worth for their registration with the SSN was increased from USD 30 million to USD 100 million. In addition, new requirements were included, such as providing evidence of credit ratings for the past 3 years by certain international rating companies. For more information please contact any member of the Globex Team.

### **India – Yet Another Increase in Premium Tax**

Effective, July 1, 2017, premium taxes would be subjected to yet another increase; the current 15% Service Tax may go up to 18%. This is a move by the government to simplify the tax code and to have a single tax level for all goods and services. The increase is yet to be finalized but highly likely.

### **Brazil – An Opening of the Market?**

The Brazil market is showing signs of opening up: recent updates indicate new limits in Brazil for reinsurance contracts between companies belonging to the same group (provided they are admitted or occasional reinsurers). The limits are:

30% for any policies with 2017 inception date; 45% for policies with 2018 inception date; 60% for policies with 2019 dates; and finally 75% from 1 January 2020 onward.

In addition, minimum mandatory cessions to local reinsurers will be gradually reduced as follows:

- 30% from 1 January 2017 until 31 December 2017
- 25% from 1 January 2018 until 31 December 2018
- 20% from 1 January 2019 until 31 December 2019
- 15% from 1 January 2020

For additional details please check with any Globex team member.

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### **RECENT SUCCESSSES**

- Secured reinsured Inland Floater policy in Mexico for a leading specialty firm which contracts engineers, designs and constructs infrastructures for electric power generation and transmission, and oil and natural gas pipelines.
- Placed a fronting multiple country Commercial General Liability and Employers Liability program and local cover in Argentina for a leading producer of semiconductors.
- Secured CAR fronting policy in Turkey for a global firm that specializes in crane manufacturing.
- Instrumental in placing fronting Contractors Pollution Liability policy in Mexico for a global contractor of engineers, designers of power generators.