GLOBEX UPDATE

Events, developments, and opportunities in the international marketplace
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Kingdom of Saudi Insurance: Foreign Reinsurer Registration

On August 25, 2025, the Insurance Authority (IA) issued Circular No. 85, mandating that all foreign reinsurance companies register on the IA's designated digital platform by March 1, 2026. This directive applies to licensed insurance companies, reinsurance companies, and reinsurance brokerage firms licensed in Saudi Arabia.

Key Highlights of the Circular:

- This move reinforces the IA's commitment to enhancing market oversight, promoting transparency, facilitating due diligence, and ensuring all reinsurance activities meet required standards in line with Article 42 of the Insurance Regulations.
- Licensed insurance and reinsurance companies, as well as reinsurance brokerage firms, must verify that foreign reinsurers are properly registered on the IA platform *before* entering into any new or renewed facultative or treaty reinsurance agreements.
- The IA has indicated that regulatory action will be taken against any licensed company that enters into agreements with unregistered foreign reinsurers after the March 1, 2026 deadline.

Impact on Business Placed in Saudi Arabia

It is crucial for industry stakeholders to begin the registration process as soon as possible to avoid potential disruption to operations.

Navigating new regulatory landscapes can be a complex process. Our team is well-versed in the latest developments and can provide expert guidance to ensure your compliance and facilitate the placement of your business in Saudi Arabia. We can assist with:

- Understanding the registration requirements
- Verifying the registration status of foreign reinsurers
- Ensuring your agreements comply with the new regulations

We encourage you to contact us today to discuss your specific needs and how we can support you through this transition.

India - A Guide to Collateral Requirements Regulation

Earlier this year, the Insurance Regulatory and Development Authority of India (IRDAI) has introduced new collateral requirements, effective April 1st, 2025, which will impact all reinsurance transactions conducted with Cross Border Reinsurers (CBRs)/Foreign reinsurers. This regulation applies to both treaty and facultative reinsurance placements.The new requirements offer two ways to satisfy the collateral obligations:

1. Letter of Credit: From the reinsurer.
2. Funds Withheld: Currently set at 50% of the net premium due to the reinsurer.

Impact of Funds Withholding:

For every reinsurance transaction, 50% of the net premium due to the reinsurer will now be withheld. Please note that administrative fees, taxes, and accrued interest may be deducted from the remaining balance.

While there is still some level of uncertainty surrounding this development, please rest assured that Globex is fully prepared to assist you. Our team of experts has developed solutions for a variety of scenarios and circumstances to help you manage these changes effectively.

Please do not hesitate to reach out to your Globex contact or our dedicated team if you have any questions or require support in understanding and complying with these new requirements.

Ireland - Revised Consumer Definition in the Republic of Ireland

The Central Bank of Ireland (CBI) has published the Consumer Protection Code 2025, which includes a revised definition of "consumer" effective 24 March 2026. The threshold for consumer classification will increase to €5 million in annual turnover. This means that individuals, groups, or incorporated entities with an annual turnover below €5 million will now fall under the scope of consumer protections.

Key Implications

- New Consumer Classification: Any contracts renewing on or after 24 March 2026 that involve entities with an annual turnover below €5 million must be treated as consumer business, regardless of their current classification.
- Enhanced Protections: Businesses falling under this revised definition will benefit from the full scope of consumer protections outlined in the Consumer Protection Code 2025.
- Compliance is Crucial: Failure to comply with these new regulations may result in significant sanctions. These include cautions, reprimands, suspension or revocation of authorisations, and monetary penalties up to the greater of €10 million or 10% of annual turnover.

To ensure compliance and mitigate potential risks, it is recommended to:

1. Proactively identify and review all existing and prospective clients in the Republic of Ireland to determine if their annual turnover falls below the new €5 million threshold.
2. For any contracts renewing after 24 March 2026 that will now be considered consumer business, ensure your contractual agreements and terms and conditions are updated to reflect the applicable consumer protection requirements.

3. Review and adjust your internal processes, sales procedures, and compliance frameworks to account for the revised consumer definition. This may include training for relevant staff members.
4. If you have any doubts about the classification of a particular client or the implications of these changes for your specific business operations, we strongly recommend seeking legal advice from a qualified Irish legal professional.

We are committed to helping you navigate these changes effectively. Please do not hesitate to reach out to our team if you have any questions or require further clarification.

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Globex Underwriting Services | a division of Globex International Group
Tel: 1-203-256-1475
Globex@globexintl.com | 2490 Black Rock Turnpike #411, Fairfield, CT 06825, USA