9 February 2018

Reinsurance Trade Barriers and Market Access Issues Worldwide

Global Reinsurance Forum (GRF) – 9 February 2018

Table of Contents

IV) Prospective trade barriers and market access issues:

AFRICA
Namibia
South Africa
Tanzania

ASIA
China
India
Indonesia
Malaysia
Nepal

EUROPE
Russia

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.

The GRF has identified 43 major territories including regional groupings around the world which have either implemented, or are in the process of implementing, barriers to the transfer of risks through global reinsurance markets. This edition of the GRF document includes countries which had not been included in previous editions, but nonetheless implement barriers to the free flow of reinsurance across their territories and have come to our attention. 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 Algeria, Argentina, Azerbaijan, Brazil, China, Ecuador, Egypt, Germany, India, Indonesia, Malaysia, Nepal, Nigeria, the Philippines, Poland, Singapore, South Africa, South Korea, Vietnam, 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, South Africa 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, India, Indonesia, Kenya, Malaysia, Moldova, Nigeria, Russia, South Africa, UK and the U.S.

- 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 to varying degrees in the African Union, Algeria, Argentina, Bangladesh, Belarus, Brazil, Cambodia, China, Ecuador, Egypt, Ethiopia, France, Gabon, India, Indonesia, Kenya, Malaysia, Nepal, Nigeria, Pakistan, the Philippines, Russia, Saudi Arabia, Senegal, Sri Lanka, Sudan, Thailand, Vietnam and elsewhere.

Developments since the last edition of this document was published in August 2017

- On 22 September 2017, the U.S.-EU Bilateral Agreement was formally executed and implementation efforts have now begun. The Agreement provides a pathway and timeframe for the elimination of mandatory statutory reinsurance collateral and local presence requirements for EU and U.S. reinsurers.

- On 21 November 2017, the Tanzanian Insurance Regulatory Authority issued a requirement for foreign reinsurers transacting business with Tanzanian registered insurers to obtain an Accreditation Clearance Letter.

- On 15 December 2017, the U.S. House of Representatives and Senate released the Tax Cuts and Jobs Act. The Act includes a new tax levied on all "deductible" cross-border payments between a reinsurer's U.S. affiliates and non-U.S. affiliates.

- On 22 December 2017, Brazilian regulators issued two new rules (CNSP Resolution 353/2017 and SUSEP Circular 562/2017) which remove certain barriers limiting international reinsurers' access to the Brazilian (re)insurance market. This includes the removal of mandatory placements with local reinsurers and the removal of restrictions on intra-group cessions.

- On 5 January 2018, the Indian insurance regulator, IRDAI, released an Exposure Draft on Reinsurance Regulations. The Exposure Draft includes a number of proposals which will likely increase the barriers for foreign and cross-border reinsurers. After a period of open consultation, it is expected that the final reinsurance regulations will be released at the end of February 2018.

The GRF continues to encourage jurisdictions to remove existing and remaining barriers to reinsurance. Such improvements will be in the interests of governments, policyholders, taxpayers and national economies.

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				
African Union (54 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 – 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 (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. Also: 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.

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?
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.

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?
				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 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 state-owned Kenya Re 20% of all their outward reinsurance treaties, both life and non-life. The compulsory cession of 20% is in force until 2020.
Nigeria	No. However, 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	No.	Yes, although it is understood that the often quoted requirement that foreign holdings in local insurance companies are limited to 40% is not enforced.	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.

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?
	capacity (incl. treaty reinsurance) of all locally registered reinsurers must be fully exhausted.			
Senegal	Yes.	No.	No.	Yes. Local insurers face a compulsory cession of 6.5% of premiums plus 15% of treaties to the state-owned reinsurer, SEN-Re.
South Africa	Yes.	Yes. Subject to limited exceptions, reinsurers must register and establish a local subsidiary to be considered "approved". Non-approved reinsurers may still transact business but must deposit reserves with cedants or set up a local guarantee. Without collateral local cedants may not state their statutory liabilities net of non-approved reinsurance.	Yes. Reinsurers may not be licensed on a branch basis. Subsidiaries must be established or cross border placements must be collateralised (i.e. they are non- approved).	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

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?
				facultative reinsurance to National Re, which has the option of accepting or declining on a case by case basis.
ASIA				
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 placed with any reinsurer in Bangladesh or abroad.
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.

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?
				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 foreign reinsurers are greater than those applied to domestic reinsurers.	Yes. In order to avoid a credit risk charge of 58.8% for all cessions, foreign reinsurers will need to collateralise their reinsurance assets. 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 been in business for over 30 years; have a representative office in mainland China for at least two years; total assets of at least USD 5bn; and meet other conditions which CIRC deems prudently necessary.	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.
India	Yes. However, the cross-border reinsurers need to be registered with the regulator and have an UIN No which is issued each year. The application for UIN No is to be made by any one local insurer and through upload of rating and financial	No.	Yes, but following enactment of the Insurance Act, 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	Yes, 5% of each non-life policy must be ceded to the "Indian reinsurer", the General Insurance Corporation. No more than 10% of an Indian insurer's reinsurance premium per risk ceded outside India can be placed with any single reinsurer that has a rating of BBB or BBB+, 15% with a foreign reinsurer with a rating

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?
	documents of the cross-border reinsurer.		reinsurers and also for Lloyd's.	higher than BBB+ and up to and including A+, and 20% with one that has a rating higher than A+. If an 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. This may involve the transfer of up to 30% of risks to the General Insurance Corporation. Compulsory cessions are included as provisions in the Insurance Act. India's Direct Taxes Code seems to provide for a withholding tax of 20% on cross-border reinsurance premium. This penalty tax is high compared to international standards; indeed, many jurisdictions have no such tax. In the US, excise tax on reinsurance premiums is 3%. On 16 January 2017, the IRDAI introduced with immediate effect its Regulation 28(9) which establishes an Order of Preference for the

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?
				placement of reinsurance business. It stipulates a four-tiered system with (i) first preference going to the state-owned reinsurer and any other domestic reinsurer that has three years of credit ratings (none currently exist); (ii) second preference going to branches of foreign reinsurers and any domestic reinsurer not having three years of credit ratings; (iii) third preference going to offices of foreign reinsurers in special economic zones; and (iv) fourth preference going to Indian insurers and cross-border reinsurers. The IRDAI has published draft regulations on 5 January 2018 (see prospective barriers section).
Indonesia	Yes, however it is prohibited to place certain reinsurance business offshore (see compulsory cession section for further information).	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. Foreign shareholders of any entity carrying on insurance activities are limited to 80%	Yes. From 1 January 2016 Indonesian insurers are required to place all “simple risks” with domestic Indonesian reinsurers. This includes all reinsurance of life, health, personal accident, motor, credit and suretyship business. However, subject to approval by the OJK, there are three exceptions to the

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?
			at establishment. There are no further regulations that prohibit foreign shareholders from injecting more monies into the company – diluting the local shareholder share.	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 off-shore reinsurers.
Israel	Yes.	Yes. Regulatory Guidelines specify that foreign	No.	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?
		reinsurers deposit collateral for proportional treaty reinsurance transactions. The level of the deposit is calculated according to various criteria, including the reinsurer's rating. There is no such requirement for non-proportional treaties.		
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) Voluntary (mandatory) cessions (VC) 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 in due course; (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

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?
				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.
Pakistan	Yes.	No.	No.	Yes. There is a system of mandatory cessions and a right of first refusal by the state-owned Pakistan Reinsurance Co (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. The Securities Exchange Commission of Pakistan (SECP) has circulated a draft of the new insurance/reinsurance bill for Pakistan on the 28th of December 2016. The draft bill aims to increase the retentions of local insurers.

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?
				Following a period of public consultation, the draft bill is now waiting to be tabled to the National Assembly for Legislative Approval.
Philippines	Yes, but foreign reinsurers need to appoint an agent who is a Philippine resident or company for direct reinsurance business, to 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).	No.	No.	Yes. There is a mandatory cession of 10% of each and every outward reinsurance treaty and facultative placement to Philippine National 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

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?
				must have been approached.
Saudi Arabia	Yes.	No.	No.	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.
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 activities, with unlicensed foreign reinsurers in South	No.	No.	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?
	Korea. Foreign reinsurers may only contact South Korean cedants by means of mail, telephone, fax, video conference or the internet.			
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, then the reinsurer must have a security rating of at least A from any of the 4 main ratings agencies.
Thailand	Yes.	No.	No. A licensed insurance company ("Company") may apply to the Finance Minister for permission to have more than 49% (and up to 100%)	Yes. From 2005, market agreements were in place requiring Thai insurance companies to make a 5% cession on most classes of business to Thai Re. However, it is

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?
			foreign shareholding, and for foreign directors to comprise more than half of the directors on its board.	our understanding that since the Thai floods of 2011 these market agreements have no longer been observed.
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.
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.
France	Yes.	No.	No.	Yes. Although it does not receive compulsory cessions, the state-

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?
				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 revised German Insurance Supervision Act (VAG), which has been in force since 1 January 2016, 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 (section§ 67 VAG) and requires them to establish a branch in Germany (section§ 68 VAG). The authorisation and branch requirement does not apply to (re)insurers solely carrying on reinsurance business in	No.	No.	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?
	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 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			

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?
	of the parties being assisted by a professional intermediary in Germany or a professional intermediary domiciled abroad but acting as intermediary in Germany. In respect of the signed "Bilateral Agreement between the European Union and the United States of America on prudential measures regarding insurance and reinsurance" BaFin is working on the assumption that this so called "Covered Agreement" will be ratified in the near future. In this respect, it recognises that in the foreseeable future, provided that undertaking-specific criteria have been met in accordance with the Agreement, authorisation pursuant to section 67 (1) sentence 1 VAG will not be required for US reinsurers to			

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?
	conduct reinsurance business. BaFin is already taking this into account in its current activities without a need for the Covered Agreement to be legally transposed into German law.			
Moldova	Yes.	No.	Yes. Foreign branches are not allowed.	No.
Poland	Yes, with the exception that it is not permitted in respect of cross- border reinsurance provided by reinsurers from non-EEA non- equivalent countries.	No.	No.	No.
Portugal	Yes.	Yes. 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.	No.	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?
Russia	Yes.	No.	Yes. Branches of foreign reinsurers are not permitted.	Yes. While it is mandatory to offer up to 10% cession to the national reinsurer NRC for contracts incepting 1.1.2017 or later, NRC is not obliged to accept the offer. They can also accept a lower share or decline the offer. This represents a discrimination of foreign reinsurers as NRC has a "right of first refusal" for up to 10% of each contract.
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.
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. Local insurers may	No. Admitted Reinsurers must evidence having: (1) a net worth in excess of USD 100mn; (2) credit ratings of the last three years granted by the following	No. Not for Foreign Reinsurers registered as Admitted Reinsurers in Argentina. However, foreign reinsurers	Yes. The percentage of ceded premiums per contract that may be ceded by Argentinian insurers to Admitted Reinsurers will be gradually increased from 50% (on 1 July 2017) to 60% on 1 July 2018

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?
	place risks directly with Admitted Reinsurers in facultative agreements for individual risks. Catastrophic agreements with insured sum equal or above USD 35mn may be reinsured by Admitted Reinsurers in its entirety.	international rating agencies: • A.M. Best: minimum qualification B+; • Standard & Poor's International Ratings Ltd.: capacity to pay claims, minimum qualification BBB; • Moody's Investors Service: Financial Solvency, minimum qualification BBB; • Fitch IBCA Ltd.: capacity to pay claims, minimum qualification BBB.	willing to register as local reinsurers and enjoy unrestricted market access must set up an Argentine branch with capital equalling the greater of 350m Argentine Pesos (approx. USD 20million) or 16% of premium retained or 40% of gross written premium.	and 75% on 1 July 2019. The threshold for exceptions to the above limitation has also been lowered from USD 50m to 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 category. 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.
Brazil	Yes, but there is requirement to be registered as either an 'admitted' or an 'occasional' reinsurer.	Yes. Foreign reinsurers registered in the Admitted category must hold a minimum "BBB-" S&P risk rating and net assets of USD 100mn ("BBB" S&P risk rating and net assets of USD 150mn for occasional	Yes. Foreign reinsurers registered in the Admitted category must set up and capitalise a representative office in Brazil. A 2% withholding tax applies to overseas premium remittances. The local	Yes. 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. However, on 22 December 2017, the National Council of Private

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?
		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), plus an additional deposit of between 10% and 30% according to the reinsurer's risk rating (only applies to admitted reinsurers with S&P rating below A-).	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.	Insurance, CNSP, published Resolution CNSP no.353 which amended relevant provisions of CNSP Resolution no.168. The new rules remove certain barriers limiting foreign reinsurers' access to the Brazilian (re)insurance market. This includes removing the provision on mandatory placement with local reinsurers; and removing the restrictions on the percentage of risk permitted in intra-group cessions. A separate contemporaneous reform relaxed the minimum retention requirement for a number of additional classes: Property (named risks and operational risks), aviation (hull), facultative aviation liability, and energy insurance risks. Surety bonds, agricultural (re)insurance, and export/domestic credit (re)insurance were already exempt from minimum retention requirements. All other classes remain subject to a minimum 50%

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?
				retention.
Canada	Yes.	Yes. Collateral requirement of 115% of Ceded Policy Liabilities, plus receivables from the assuming insurer, minus the amount of payables to the assuming insurer.	No.	No.
Ecuador	Yes, but subject to restrictions.	No.	No.	Yes. Recent regulations mandate that insurers must retain 95% of risks in certain classes: life, health, and personal accident, motor.
USA	Yes.	Yes, unlicensed and non-US reinsurers must post 100% collateral for the ceding insurer to get credit for reinsurance on its balance sheet. In 2011, the NAIC adopted revisions to its Credit for Reinsurance Models, providing reductions in collateral for well regulated, financially strong reinsurers.	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. However, by providing flood coverage at highly subsidized rates, the National Flood Insurance Program (NFIP) crowds out private market competition, including from reinsurers, and concentrates residential flood risk in the U.S. In 2017 the NFIP purchased its first reinsurance placement (USD 1 billion). During the 1st January 2018 market renewal season, the NFIP purchased USD 1.46 billion in reinsurance coverage from 28

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?
		As of January 2018, 43 US States have adopted, and 34 have implemented reduced collateral legislation. 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. The NAIC process of amending the Credit for Reinsurance Models has begun.		private sector reinsurers.

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					
Namibia	No.	Yes.	No.	No.	In February 2017, government notifications implementing mandatory cessions to NamibRe were retracted by the Ministry of Finance and issued for public consultation with deadline of 3 July. It is not clear at this stage what the outcome of the consultation will be. While the consultation is ongoing the mandatory cessions are not being enforced.
South Africa	Yes, they are restricting - based upon proposed reforms in recent Financial Services Board (FSB) discussion	Yes. South Africa has withdrawn its proposal to give a three-notch downgrade for cross-border reinsurers.	No. It is currently believed that existing requirements for collateral will be removed.	Yes. Proposed reforms permit branches though locally incorporated reinsurers will benefit from a credit rating	No.

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?
	paper.	However, it is understood that locally incorporated reinsurers will have an assumed upgrade in their credit rating to the extent that the sovereign cap in place has resulted in a downgrade. The FSB argue that this is intended to offset any downgrade for domestic reinsures as a result of South Africa's sovereign credit rating.		uplift. However, it is understood that a proposed three-notch credit rating downgrade which was due to be applied to the branch and cross-border activities of foreign reinsurers is to be withdrawn.	
Tanzania	Yes, they are restricting.	Yes. However, the Tanzania Insurance Regulatory Authority issued Circular Letter No. 055/2017 on 21 November 2017 which will require foreign reinsurers “seeking to transact insurance business with Tanzanian registered insurers” to obtain an	No.	No.	No.

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?
		Accreditation Clearance Letter. The regulator has issued a public consultation on this requirement.			
ASIA					
China	No.	Yes.	No.	On 1 November 2016, CIRC issued a consultation paper proposing that branch offices of foreign reinsurers will be required to hold admissible assets in mainland China equivalent to at least 75% of their admissible liabilities in China. The proposed supervisory measure is only aimed at branches of foreign reinsurance companies operating in China.	No.

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?
				As of February 2018, there are no clear developments on the proposed supervisory measures after the consultation paper.	
India	Restricting. According to the Exposure Draft issued by IRDAI on reinsurance regulation on 5 January 2018, reinsurance placements with cross-border reinsurers will be subject to cession limits: < A+ 20%, BBB+ to A + 15%, BBB & BBB+ 10%.	Yes. However, the Exposure Draft issued by IRDAI states that business cannot be offered directly to cross-border reinsurers which are group companies of foreign reinsurance branches set up in India. Terms must be sought via the local branch of the foreign reinsurer or permission must be received from the IRDAI.	No. However, the Exposure Draft proposes that the IRDAI reserves the right to issue guidelines stipulating collateral or risk charges.	Yes. According to the Exposure Draft issued by IRDAI on 5 January 2018, local Indian reinsurers are to be afforded preference over the foreign reinsurers established in India regarding: (i) “Obtaining best terms for cessions” and (ii) “Offer for Participation” with the Order of Preference.	Yes. The proposed new Order of Preference grants first preference not only to GIC Re, but all other Indian reinsurers are given preference over branches of foreign reinsurers and cross-border reinsurers irrespective of their credit rating.
Indonesia	Yes, they are restricting.	Yes, but on a restrictive basis, the exact details of which have not yet been finalised.	No.	Yes. Foreign shareholding limits may be reduced from the current 80%.	No.

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?
Malaysia	No.	Yes.	No.	Yes. Press reports suggest that Bank Negara Malaysia has asked foreign insurers to raise the proportion of local shareholdings to at least 30%, i.e. a strict enforcement of the 70% foreign ownership rule. Insurers which are wholly foreign owned will need to reduce the foreign shareholding to 70% or lower to comply with the regulation. The deadline to comply with the new shareholding requirement is June 2018. This is an existing requirement which is being enforced by the regulator.	No.
Nepal	Yes, they are restricting.	Yes.	No.	No.	Yes. The Ministry of Finance has indicated that minimum reinsurance retention levels are due to be

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?
					increased from 5% to 30% from a date yet unknown.
EUROPE					
Russia	No.	Yes.	No.	No. Russia has committed to allowing foreign reinsurance companies to open branches in 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.	Mandatory requirement to offer 10% cession to national reinsurer NRC has come into effect. See 'Current trade barriers' table.