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REINSURANCE
FORUM

03 August 2017

Reinsurance Trade Barriers and Market Access Issues Worldwide

Global Reinsurance Forum (GRF) – 03 August 2017

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Executive Summary

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 30 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 is an increase of 4 new territories since the January 2016 edition of this document. This rise marks an increasing worldwide trend, which undermines the efficiency of reinsurance markets. 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 Argentina, China, Ecuador, Egypt, , Germany, India, Indonesia, Malaysia, Nepal, Nigeria, the Philippines, Poland, , 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.

- Barriers to the establishment of branches, subsidiaries and operations restricting 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: Brazil, China, Egypt, India, Indonesia, Malaysia, Nigeria, Russia, South Africa and the UK.

- 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, Argentina, Brazil, China, Egypt, Ethiopia, France, India, Indonesia, Malaysia, Nepal, Nigeria, Pakistan, the Philippines, Russia, Sri Lanka, Thailand, , Vietnam and elsewhere.

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

- In 2016, the Vietnamese regulator introduced requirements regarding local retention limits. 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. Therefore, this has been added as a trade barrier for foreign reinsurers in the GRF document.

- On 16 January 2017, the US and European Union announced the successful completion of negotiations for a bilateral agreement on prudential measures for insurers and reinsurers. The agreement calls for an end to mandatory statutory reinsurance collateral and local presence requirements for EU and US reinsurers. This agreement is still subject to approval processes in both the US and EU. The US has said they will sign the bilateral agreement and it plans to issue a policy statement on implementation for states to adopt measures into their own law.

- On 18 January 2017, the Ministry of Finance of Thailand issued a notification relating to the conditions required for a foreign shareholder to be allowed to hold more than 49% (up to 100% foreign ownership) of the voting shares of a Thai insurance company.

- In February 2017, the Ministry of Finance of Namibia retracted notifications implementing mandatory cessions to the national reinsurer NamibRe. A public consultation was then held with the 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. Therefore, the point referring to mandatory cession in Namibia has been moved to the prospective barriers section of the document.

- Following the publication of the previous edition of this document in February 2017, the GRF received clarification from OSFI ascertaining that the new capital framework for L&H business in Canada (LICAT) will not make unregistered cross-border reinsurers less attractive to local ceding companies relative to registered reinsurers. As a result of this clarification, this point has now been removed from the GRF list of prospective trade barriers.

- On 5 May 2017, the Argentina insurance regulator SSN issued Resolution No. 40,422 which amends the previous SSN Resolution No. 40,163. The new Resolution includes amendments to the Argentine reinsurance regime aimed at further enhancing the opening up of the local reinsurance market. The Resolution increases the portion of risks that local insurers can place directly with Admitted Reinsurers, increasing from 10% to 50% the volume of business that local insurers can place directly with Admitted Reinsurers from 1 July 2017. This threshold will be progressively increased with a two-stage increment, raising the limit by an additional 10% on 1 July 2018 (to 60%) and by an additional 15% on 1 July 2019 (to 75%).

- The Indian regulator, IRDAI, has set up a Reinsurance Expert Committee (REC) to review the Order of Preference for Reinsurance and other regulations applicable to branches of foreign reinsurers and Lloyd's India and is expected to submit its final report by first week of August 2017.

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.

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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 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?
African Union (54 member states)	It depends on individual jurisdictions' rules.	It depends on individual jurisdictions' rules.	It depends on individual jurisdictions' rules.	Yes. African Union members are required to offer 5% of each risk to Africa Re. Other reinsurers have been established in accordance with regional trade agreements and all receive mandatory cessions, largely in respect of treaty contracts e.g. CICA Re 15%, ZEP PTA Re 10%, WAICA Re 5%. Many territories have also established state owned reinsurers which benefit from mandatory cessions, e.g. Ghana Re 20%, Kenya Re 18%.
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 re-insurer established in another CIMA member state.

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Argentina	Yes, but cross-border foreign reinsurers have to be registered as an “Admitted Reinsurer” with the regulator and are only able to provide full coverage for individual risks of facultative and catastrophe reinsurance above USD 35mn or retrocessions from locally incorporated reinsurers. Some exceptions are allowed by the regulator on a case-by-case basis.	Yes. Evidence credit ratings of the last three (3) years must be 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; • Moody’s Investors Service: Financial Solvency, minimum qualification BBB; • Fitch IBCA Ltd.: capacity to pay claims, minimum qualification BBB.	Yes. Foreign reinsurers 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, in order to enjoy unrestricted access as a "local reinsurer".	Yes. Local reinsurers must not cede more than 50% of their annual premiums to Admitted Reinsurers. The percentage will be increased to 60% on 1 July 2018 and 75% on 1 July 2019. Exception – 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 exception. 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 admitted reinsurers must hold a minimum "BBB-" S&P risk rating and net assets of USD	Yes. Foreign reinsurers must set up and capitalise an insurance company in Brazil, with a required minimum	Yes. The local market holds a right of first refusal (preferential offer) over 40% of each reinsurance risk and there is an additional

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		100mn ("BBB" S&P risk rating and 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), 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-).	50% risk retention. A 2% withholding tax applies to overseas premium remittances. The reinsurer must not be domiciled in a tax haven jurisdiction, as defined in relevant regulations. The president must give approval for a foreign insurer to set up a branch. A financial operations tax of 0.38% applies to foreign exchange transactions.	requirement to place at least 30% with 'local' reinsurers (mandatory cessions). In addition there is a 20% premium limit on intra-group reinsurance placed abroad. Resolutions published in July 2015, however, gradually amends the limits on cessions to foreign affiliates up to 75% whilst decreasing the mandatory cession requirement to 15% by 2020. A related company or a company belonging to the same financial conglomerate is defined as a set of directly or indirectly related legal persons, with either a shareholding of 10% or more in capital in the Brazilian company or active operational control.
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.
China	Yes. However, Chinese insurers face credit risk	Yes. In order to avoid a credit risk charge of 58.8% for all	Yes. In order to be considered for a branch, joint	Yes. With the exception of aviation, aerospace, nuclear, oil and credit

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	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.	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.	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.	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.
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.
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. As a member country of the African Union, local insurance companies are required to cede a minimum of 5% of each reinsurance treaty to Africa Re.
Ethiopia	Yes	No.	No.	Yes. The Manner and Criteria of Transacting Reinsurance Directive No SIB/44/2016 that came into force on 1 August 2016 imposes

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				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. Reinsurance policies that were concluded prior to 1 August 2016 will be subject to the new requirements at renewal.
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 revised German Insurance Supervision Act (VAG), which is in force since 1 January 2016, requires third country reinsurers who want to conduct business in Germany to have a permission from the German supervisory authority (§ 67	No.	No.	No.

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	VAG) and requires them to establish a branch in Germany (§ 68 VAG). The branch requirement does not apply to reinsurers 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			

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	of the parties being assisted by a professional intermediary in Germany or a professional intermediary domiciled abroad but acting as intermediary in Germany.			
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 documents of the cross-border reinsurer.	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 reinsurers and also for Lloyd’s.	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 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

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				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 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 is in the

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				process of reviewing the regulation. The IRDAI has set up a Reinsurance Expert Committee (REC) to review this and other regulations applicable to branches of foreign reinsurers and Lloyd's India and is expected to submit its final report by first week of August 2017. The IRDAI is expected to take a final decision on this topic by the end of this year.
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% at establishment. There are no further regulations that prohibit foreign shareholders from injecting more monies into the company – diluting the local shareholder share.	Yes. As of January 1, 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 100% local cession requirement for "simple risks". 1. Products specifically designed for multinational companies; 2. Medical reimbursement products with global coverage; 3. New products developed by a foreign reinsurer. A new product designed by a foreign

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				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 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.	No.	No.

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Malaysia	Yes. 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 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.
Nigeria	No. However, permission to reinsure abroad can be sought from regulator. Specific guidelines state that	No.	Yes, although it is understood that the often quoted requirement that foreign holdings in local	Yes. 5% of treaty programmes to Africa Re. Additional 5% of treaty programmes, excl. life and aviation, of member companies of the West

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	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 RI) of all locally, registered (re)insurers must be fully exhausted.		insurance companies are limited to 40% is not enforced.	African Insurance Companies Association must be placed with WAICA Re.
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

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				the retentions of local insurers. 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 all reinsurance to the Philippine National Reinsurance Company (PhilNaRe, 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 (2) local direct companies, one (1) foreign authorised company and one (1) domestic professional reinsurer before the regulator will grant them permission to approach an unauthorised foreign company. For all other facultative placements, at least five (5) local direct underwriting companies, three (3) foreign authorised companies and one (1) domestic professional

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				reinsurer must have been approached.
Poland	No, 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.
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.

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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 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.
South Korea	Yes, but South Korean insurance companies are prohibited from engaging in face-to-face meetings,	No.	No.	No.

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	including all marketing activities, with unlicensed foreign reinsurers in South 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	Yes. From 2005, market agreements were in place requiring Thai insurance companies to make a 5% cession on most classes of

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			than 49% (and up to 100%) foreign shareholding, and for foreign directors to comprise more than half of the directors on its board.	business to Thai Re. However, it is our understanding that since the Thai floods of 2011 these market agreements have no longer been observed.
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.
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 Model Law, providing reductions in collateral for financially strong reinsurers. As of July 2017, however, 42 US states have adopted, and 32	No.	No. However, by providing flood coverage at highly subsidized rates, the National Flood Insurance Program (NFIP) crowds out private market competition, including from (re)insurers. Historically, the NFIP has purchased no reinsurance – although permitted to do so – hence concentrating residential flood risk in the U.S. We note however that during the 1st January 2017 market renewal season, the NFIP purchased $1B in reinsurance coverage from private market US licence reinsurers only.

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		have implemented reduced collateral legislation. One additional state has a pending regulation. Furthermore, on 14 July 2017 the US announced its intent to sign the US-EU Bilateral Agreement which will fully eliminate collateral requirements for EU domiciled insurers. This agreement will encourage states to adopt legislation eliminating discriminatory reinsurance collateral provisions within 5 years.		
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.

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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 discriminatory barriers affecting the establishment of branches or subsidiaries (if permitted)?	Will there be compulsory cessions or right of first refusal rules?
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. There are no clear developments on the proposed supervisory measures after the consultation paper.	No.
India	No.	Yes.	Yes. At the last meeting of the Reinsurance Expert Committee on 7	No.	No.

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			July, GIC Re suggested that some form of collateral be introduced if reinsurance is placed with cross-border reinsurers.		
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.
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	No.

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				being enforced by the regulator.	
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.
Nepal	Yes, they are restricting.	Yes.	No.	No.	Yes. The Ministry of Finance has indicated that minimum reinsurance retention levels are due to be increased from 5% to 30% from a date yet unknown.

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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.
South Africa	Yes, they are restricting - based upon proposed reforms in recent Financial Services Board (FSB) discussion paper.	Yes. South Africa has withdrawn its proposal to give a three-notch downgrade for cross-border reinsurers. 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	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 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	No.

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		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.		reinsurers is to be withdrawn.	