



International
Federation of
Risk and
Insurance
Management
Associations, Inc.

Press release

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IFRIMA calls for reconsideration of Brazilian reinsurance market modifications

1) The new reinsurance beginning in Brazil

In 2007 Brazil took an important step in order to update, increase the coverages and reduce the price of insurance policies. Through Complementary Law 126/07, approved by the Brazilian National Parliament, the country abolished almost 70 years of reinsurance monopoly. With the opening of the national market to other Brazilian and foreign reinsurance players, within less than three years, insurers could offer very good products to meet the needs of society and companies of all sizes.

The result of that appropriate and necessary opening was the reshaping of the insurance sector, with companies focused on various fields of activity to offer products of high quality, substance and reliance to all buyers.

2) A partial return to the past without Parliament's approval

In December 2010, two new resolutions were issued; in this case they were not enacted by the Parliament, but by an institution named CNSP (National Board of Private Insurance), which acts with powers delegated by the executive branch.

The two resolutions, besides promoting significant changes to the texts of the Complementary Law of 2007, do not take into consideration the international reinsurance context. Additionally, the normal legal process of changing the Complementary Law, at first, looks to have been totally ignored.

It is our understanding that from the best perspective, the Brazilian insurance market will become more expensive and that consumers will pay the costs. From the worst perspective, big projects taking place in the next few years may not have enough capacity for insurance coverage.

Call to reconsider the resolutions

IFRIMA, which has among its members companies from all around the world with large investments in Brazil, calls on the country's authorities to reconsider these resolutions, which will not favour of the insurance's consumers who are the ones who will pay all the additional bills. IFRIMA joins its opinion to several other associations who represent insurance buyers around the world.

We are confident that the Brazilian Federal Government will display sensibility in revoking these two resolutions, as they are harmful to Brazil's interests in having a modern insurance system, taking into consideration the international reinsurance and insurance context.

Carl Leeman, President of IFRIMA and Chief Risk Officer for Katoen Natie

Jorge Luzzi, Chairman of IFRIMA and Director Group Risk Management for Pirelli

About IFRIMA

The International Federation of Risk and Insurance Management Associations (IFRIMA) is the international umbrella organisation for risk management associations, representing 25 organisations and over 40 countries around the world. IFRIMA has over 10,000 individual members representing a wide range of business sectors from major industrial and commercial companies to financial institutions and local government organisations.

With its roots going back to the 1930s and its development through the discipline of insurance and risk management, IFRIMA is uniquely positioned as a leader in risk management and its application.

<http://www.ifrima.org/>