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Insurance, Reinsurance, and Private Pension



Brazil's Insurance Landscape: Key Developments Reshaping the Market

In our previous edition, we covered the enactment of Law No. 15,040/2024 (the “**Insurance Law**”) and Supplementary Law No. 213/2025 (“**LC No. 213/2025**”), two landmark pieces of legislation that introduced new rules for insurance contracts, reinsurance obligations, as well as the formal regulation of insurance cooperatives and mutual protection operations.

Since then, SUSEP (Brazil's insurance regulatory authority) has been working on updating its existing regulations to align with these new frameworks, indicating that this review process will continue throughout 2026.

In this edition, we highlight recent regulatory, tax, judicial, and market developments, with a focus on their potential implications for (re)insurers, pension entities, and risk management functions.

1. Regulatory Developments

Portfolio Transfers Amongst Supervised Entities

In line with provisions of Brazilian Insurance Law, SUSEP Resolution No. 73/2026 updated the rules governing portfolio transfers amongst supervised entities, modernizing the applicable procedures, and providing greater legal certainty for these transactions.

The resolution clarifies documentation and approval requirements, as well as designs safeguards to protect policyholders and insureds of portfolios subject to the transfer. This is particularly relevant in the context of corporate reorganizations, M&A transactions and strategic business restructurings involving regulated entities.

Special Regimes: Regulatory Oversight, Intervention, and Compulsory Liquidation

Resolution No. 489/2026, published in March, updated the rules applicable to special regimes of regulatory oversight, intervention, and compulsory liquidation of SUSEP-supervised entities. The resolution aligns these procedures with recent changes introduced by the reform of Brazil's Bankruptcy Law, modernizing the framework for the orderly resolution of distressed insurers, reinsurers and pension entities. The updated rule affect the priority of claims, the conduct of liquidation proceedings and the powers of court-appointed administrators, which are particularly relevant for creditors, policyholders, and counterparties with exposure to such entities.



Formalization of Insurance Cooperatives and Mutual Protection Operations

In May, the National Council of Private Insurance (“**CNSP**”) published Resolutions No. 491 and 492/2026, marking a key milestone in implementing LC No. 213/2025. Together, these resolutions provide long-awaited legal certainty to structures that previously operated in a less formalized environment, now placing them under SUSEP’s direct supervision.

- **Resolution No. 491** consolidates the framework for mutual **patrimonial protection operations**, establishing rules for the incorporation and corporate governance, calculation of participant contributions and asset segregation.
- **Resolution No. 492 regulates insurance cooperatives** (singular, central, and confederations), introducing rules regarding solvency, governance, special regimes (in the event of insolvency or lack of financial capacity to operate) comparable to those applicable to traditional insurers and also allowing reinsurance and coinsurance operations.

For market participants, this creates new opportunities for reinsurance and coinsurance arrangements and may contribute to the expansion of the insurance sector’s share of Brazil’s GDP.

Upcoming Regulatory Developments

Several public consultations have been issued by SUSEP and CNSP, covering topics ranging from market conduct to product regulation. Although final rules have not yet been published, they are expected to further shape the implementation of the Insurance Law and LC No. 213/2025 throughout 2026.

Key proposals include:

- **Public Consultation No. 10/2025** – Non-Life Insurance: proposes a new regulatory framework for non-life insurance to align existing rules with the Insurance Law, including deadlines and requirements for policy applications, claims handling, and indemnity payments;
- **Public Consultation Notices No. 11/2025/SUSEP and No. 12/2025/SUSEP** – Sanctions Regime: propose changes to SUSEP’s sanctions framework, including higher maximum fines, updated penalty criteria, and procedural revisions applicable to supervised entities;
- **Public Consultation Notice No. 14/2025/SUSEP – Reinsurance, Retrocession, Coinsurance, Foreign Currency Operations, and Insurance Contracted Abroad**: proposes a new regulatory framework for the cession and acceptance of reinsurance and retrocession, their intermediation, coinsurance



transactions, foreign-currency operations, and insurance contracted abroad. The proposal also sets out applicable deadlines and mandatory or prohibited contractual clauses for reinsurance agreements, among other operational and compliance requirements; and

— **Public Consultation Notice No. 1/2026/SUSEP** – Life Insurance: proposes a new regulatory framework for life insurance, in line with Insurance Law, including rules on policy applications, premium payments, beneficiaries, claims handling, and indemnity payments.

2. Tax Reform: CBS Regulation

Decree No. 12,955/2026, published in April, establishes the rules governing the Contribution on Goods and Services (“**CBS**”) as applied to financial services. It includes specific provisions for insurance, reinsurance, and private pension operations (excluding health insurance). Under the decree:

- Reinsurance and retrocession transactions are subject to a **0% CBS rate**, including cross-border premium cessions;
- The regulation requires detailed classification and documentation of each operational component, reinforcing governance and traceability from product design and pricing through to claims handling and settlement;
- It also requires the segregation of transactions subject to different tax treatments and conditions certain deductions and credits on proper documentation and contract-level identification.

Collectively, these measures increase the importance of robust operational documentation and internal controls.

3. Judicial & Oversight Developments

Mandatory Carbon Credits Investment requirement held unconstitutional

Brazil's Supreme Federal Court (“**STF**”) unanimously declared unconstitutional the law requiring insurers, open private pension entities, capitalization companies and reinsurers to **allocate 0.5% of their technical reserves to the acquisition of carbon credits**. The case was brought by the National Confederation of Insurers (CNseg) against Article 56 of Law No. 15,042/2024.

According to the STF, the rule violated: (i) the principle of equality by imposing obligation on entities that are not primary greenhouse gases emitters; and (ii) the principle of free enterprise by restricting the entities' ability to assess the adequacy of such investments based on their obligations, risk profile and investment policies.



4. Brazilian ILS market development

Fourth issuance of Brazilian Insurance-Linked Security (“LRS”)

The fourth issuance of Brazilian Insurance-Linked Securities (“LRS”) following the enactment of Law No. 14,430/2022 was structured by Avla Seguros, Galapagos Capital, Tivio Capital and the fintech Marvin.

Notably this appears to be the first transaction offered to a broader group of professional investors rather than through a purely private placement, indicating a growth in the interest from both insurers and investors. This development contributes to positioning Brazil closer to global ILS market standards.

5. Model Brazilian Intermediary Clauses (Reinsurance) Update

LMA confirms intermediary clauses remain fit for purpose under new insurance law

Following the entry into force of Brazilian Law No. 15.040/2024 (Brazilian Insurance Contract Act) in December 2025, the Lloyd’s Market Association (LMA), together with local counsel, has reviewed its model Brazilian intermediary clauses for reinsurance. The LMA concluded that clauses LMA5101 and LMA5102 remain fit for purpose and do not require amendments.

The update also reiterates that the use of intermediary clauses is mandatory under Brazilian law, reinforcing their relevance in structuring reinsurance placements involving Brazilian risks. [lmalloyds.com]

Lefosse’s Insurance, Reinsurance and Private Pension team continues to monitor legal and regulatory developments and is available to discuss any of the issues highlighted above.

For further clarification on this topic, or any other of interest, please reach out to **our professionals**:



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