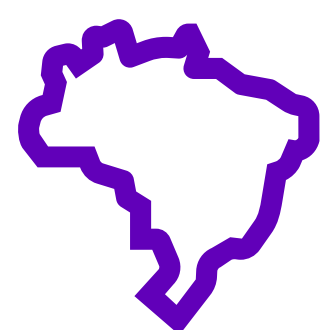


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Insurance, Reinsurance, and Private Pension



Brazil's Insurance Landscape: New Regulatory Milestones and Market Developments

Brazil continues to implement Law No. 15,040/2024 (the “**Insurance Law**”), which entered into force in December 2025 and prompted a broad review of the regulations applicable to insurance and reinsurance activities.

Since our previous edition, the National Council of Private Insurance (“**CNSP**”) has issued two major resolutions governing non-life insurance and reinsurance, while Brazil’s Supreme Federal Court (“**STF**”) has delivered an important tax decision for insurers. SUSEP (Brazil’s insurance regulatory authority) has also launched public consultations on operational reinsurance rules and on prudential, accounting, and sustainability requirements.

In this edition, we highlight the developments most relevant to international (re)insurers, brokers, investors, and multinational groups with insurance operations or risks in Brazil.

1. Regulatory Developments

New Framework for Non-Life Insurance and Large Risks

CNSP Resolution No. 496/2026 reformulates the general framework applicable to non-life insurance policies and completes a central stage in the regulatory implementation of the Insurance Law. The resolution replaces CNSP Resolution No. 407/2021, which had established a dedicated regulatory regime for large risks based on broad contractual freedom, equal treatment of the parties and subsidiary state intervention.

Under the new framework, the stand-alone large-risk category is eliminated. Instead, Resolution No. 496/2026 adopts a common set of rules for non-life insurance, while preserving specific provisions for certain lines of insurance (referred to as “**Chapter III Insurance**”) when the policyholder is a legal entity, namely petroleum, named and operational risks, bankers’ blanket bond, aviation, marine, nuclear, domestic credit, and export credit insurance.

Among the main practical implications:

- **Contractual freedom and policy registration:** whereas Resolution No. 407/2021 exempted large-risk policies from prior registration with SUSEP and allowed for broadly negotiated terms, the new framework requires prior electronic registration of contractual conditions;



- **Claims procedures:** in accordance with the Insurance Law, the resolution establishes a 30-day period for claims adjustment and coverage determination, and a further 30-day period for indemnity payment, consistent with the structure of the Insurance Law. For Chapter III Insurance, both deadlines are extended to 120 days;
- **Policy wordings:** existing products and contractual provisions will need to be assessed for consistency with the Insurance Law and Resolution No. 496/2026;
- **Implementation:** products registered under the former framework must be adapted by January 4, 2027. Large-risk policies previously exempted from registration must be registered and adapted before issuance or renewals from January 5, 2027. Contracts entered into or renewed from that date must fully comply with the new regime.

The resolution represents a structural shift in the regulatory approach to non-life insurance in Brazil. Market participants, including international insurers and reinsurers involved in corporate programs, should review their policy wordings, claims procedures and product registrations accordingly.

Updated Reinsurance and Cross-Border Insurance Framework

CNSP Resolution No. 494/2026 updates and consolidates the rules applicable to reinsurance, retrocession, coinsurance, foreign-currency transactions, and insurance contracted abroad. The resolution follows the public consultation discussed in our previous edition and establishes the main regulatory framework governing the placement and acceptance of Brazilian risks.

The following aspects are particularly relevant for international market participants:

- **Preferential offer:** cedants must offer local reinsurers at least 40% of each facultative or treaty cession before ceding the risk to foreign reinsurers. Proposals must contain identical information, including price, and cedants and brokers must maintain consistent evidence of the entire placement process.
- **Retrocession flexibility:** the former 70% cap on retrocessions by local reinsurers is replaced by a duty to justify cessions exceeding that threshold to SUSEP. The same applies to cedants transferring more than 90% of their operations.
- **Contract formation and formalization:** reinsurance contracts are formed by the reinsurer's express or tacit acceptance (silence within 20 days of receipt of the proposal). Formalization must occur within 90 days of coverage inception (reduced from 180 days).



- Claims handling: Resolution No. 494/2026 does not reproduce the previous express authorization for reinsurers to participate in claims handling. The cedant now bears full and exclusive liability toward insureds and third parties. Claims cooperation and claims control clauses should be reviewed to ensure they do not transfer decision-making powers.
- Governing law, jurisdiction and arbitration: reinsurance contracts covering Brazilian risks must provide for Brazilian law and jurisdiction. Unlike the predecessor rule, the new resolution does not expressly carve out arbitration. The clause requiring disputes to be brought at the defendant's domicile may raise questions for international arbitration clauses.

Market participants should review reinsurance agreements, placement procedures, claims clauses, arbitration provisions, and documentation standards well in advance of the January 2027 effective date.

For further information on CNSP Resolution No. 494/2026, [access our complete analysis here](#).

Public Consultation on Operational Reinsurance Rules and Insurance Contracted Abroad

SUSEP has launched Public Consultation No. 7/2026/SUSEP on a proposed resolution intended to replace SUSEP Circular No. 683/2022 and further implement the reinsurance provisions introduced by the Insurance Law and CNSP Resolution No. 494/2026. Comments and suggestions may be submitted until October 28, 2026.

The proposal addresses operational aspects of reinsurance placements, including:

- **Tacit acceptance of reinsurance proposals:** minimum information requirements for the statutory 20-day period, including the treatment of requests for additional information;
- **Prior annual waiver:** a mechanism allowing reinsurers that do not intend to operate in a particular line of business to waive receipt of proposals for one year;
- **Preferred offer procedures:** cedants would be required to offer at least 40% of each facultative or treaty cession to one or more local reinsurers authorized for the relevant group of insurance lines. Except for the identity of the recipient and the percentage offered, the proposals submitted to the local reinsurers consulted would need to be identical.
- **Insurance contracted abroad:** procedures for demonstrating insufficient local capacity, including evidence of refusals from a minimum number of insurers authorized to operate in the relevant line; and



- **Cession and retrocession percentages:** operational procedures for calculating the limits established by CNSP Resolution No. 494/2026.

The consultation represents an important step in the implementation of Brazil's new reinsurance framework and may have practical implications for cedants, reinsurers, and intermediaries involved in cross-border transactions. The proposal is intended to become effective on January 2, 2027.

2. Tax Development

STF Excludes PIS and COFINS from Income on Insurers' Technical Reserves

The STF ruled that PIS and COFINS social contributions do not apply to financial income generated by insurers and providers of open private pension plans from technical reserves. The Court concluded that, although insurers are legally required to maintain these reserves to support obligations arising from insurance contracts, the resulting investment income does not constitute revenue derived from their typical business activities for purposes of the disputed contributions. Insurance groups with operations in Brazil should assess the effects of the ruling on ongoing litigation, tax provisioning, recoverability analyses, and their treatment of similar income.

3. Prudential and Sustainability Developments

SUSEP Launches Prudential, Accounting, and Sustainability Consultations

In addition to the public consultation on the topic of reinsurance operationalization mentioned above (No. 7/2026/SUSEP), SUSEP has launched public consultations that may significantly affect the prudential, accounting, and sustainability frameworks applicable to insurers, local reinsurers, capitalization companies, and open private pension entities. Together, the proposals form part of the regulator's broader 2026 agenda to modernize supervisory requirements and reporting standards.

- **Public Consultation Nos. 4 and 6/2026/SUSEP – Prudential Framework:** related proposals to update Brazil's prudential framework for independent audit. Currently, entities classified as S3 are exempt from producing and submitting independent audit reports relating to their interim financial statements. The proposals would restrict this exemption to S4 entities only, allowing SUSEP to require S3 entities to submit audited interim financial statements when justified on prudential grounds.
- **Public Consultation No. 5/2026/SUSEP – Sustainability:** proposes replacing Circular No. 666/2022 and updating the sustainability requirements applicable to supervised entities, together with the standard tables and guidance for the Sustainability Report. The proposal may require groups to revisit governance, risk-management, and disclosure processes and their coordination with global sustainability reporting.



- **Public Consultations Nos. 8 and 9/2026/SUSEP – Capitalization Products:** propose a broader update to the regulatory framework applicable to capitalization products, including their design, operation, distribution, assignment, subscription, advertising, and commercialization, as well as amendments to CNSP Resolution No. 384/2020.
- **Public Consultation No. 10/2026/SUSEP – Alternative Dispute Resolution:** proposes rules for the accreditation of persons and entities responsible for alternative dispute resolution proceedings involving insurance contracts, as well as the submission and public disclosure of anonymized information on disputes and decisions. The proposal implements Article 129 of the Insurance Law.

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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