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# OPPORTUNITIES IN THE NEWLY OPENED BRAZILIAN REINSURANCE MARKET

by Rodolfo Wehrhahn



Editor's note: *Since Dr. Marques' article on the Brazilian reinsurance market dealt primarily with P&C reinsurance, here is an accompanying article by Rodolfo Wehrhahn, Managing Director, Latin America, Transamerica reinsurance to comment on the prospects for life reinsurance in this new market.*



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**T**he opening of the reinsurance market in Brazil is the foremost event of the last two decades in the Latin American insurance and reinsurance arena. Work on this effort actually started about 10 years ago. It gained a great deal of momentum in the past two years, and we will finally see the market open to the reinsurance community by the end of April.

Brazilian authorities and regulators are to be commended for allowing comments on the regulations from the international insurance and reinsurance communities after the law was passed. Through our participation in the ACLI, we had an opportunity to point out the differences in the life and P&C markets. Originally, the capital requirement was set at US \$5 million for both, but by clarifying the differences in the two types of business, the

capital requirement for life reinsurers was reduced to US \$1 million.

Some parties think that the market is being opened rather timidly. There will be three reinsurance entities—Local, Admitted and Eventual—with only the Locals having access to 100 percent of a company's ceded reinsurance. Admitted and Eventual will only have access to 40 percent, with the remaining business being placed with a Local entity. The practicality of this action will play out when the market opens and parties actually begin to deal with this and related issues such as confidentiality, competition, etc. Some observers have noted that the current size of the Brazilian life reinsurance market, about US \$60 million in premiums, does not warrant it being fractured in this manner.

Participation in this market will require a long term commitment and a portfolio of solutions that address the changing needs of Brazilian life insurance companies. We at Transamerica Reinsurance look forward to continuing to help the market grow as we have been doing for more than six years.✱