Enlistment Guidelines for Foreign Reinsurers and Reinsurance Brokers, 2024

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नेपाल सरकार
कानून, न्याय तथा संसदीय मामिला मन्त्रालय
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Preamble: Whereas it is expedient to further organize the enlistment process of the Foreign Reinsurer and Reinsurance Broker doing Reinsurance/Retrocession and Reinsurance Broking business with the Insurer and/or Reinsurer in accordance with **section 11** of the **" Reinsurance Directive for Insurer, 2080"** to exercise the power conferred by **section 166** of Insurance Act, 2079 (2022 AD) Nepal Insurance Authority has issued the following Guidelines.

Chapter-I

Preliminary

1) **Short Title and Commencement:**(1) These guidelines shall be cited as **"Enlistment Guidelines for Foreign Reinsurer and Reinsurance Broker,** 2024"

   (2) These guidelines shall come into force from Shrawan 1, 2081 (Mid July, 2024).

2) **Definition:** In these guidelines, unless the context otherwise requires:

   (a) **"Act** "means the Insurance Act, 2079 (2022 AD).

   (b) **"Authority** "means the Nepal Insurance Authority registered pursuant to Section 3 of the Act.

   (c) **"Reinsurance"** is a contract of insurance whereby reinsurer agrees for a portion of the premium, to indemnify insurer for the losses paid by the insurer under the insurance policies issued by them to its policyholders. It also indicates the retrocession carried out by reinsurer.

   (d) **"Insurer"** means a corporate body registered pursuant to **Section 10** of the Act and the word includes reinsurer and micro insurer unless otherwise explicitly stated.

   (e) **"Foreign Reinsurance Broker"** means a foreign licensed entity established to conduct the reinsurance broking business across the border under the jurisdiction of the domicile regulatory Authority.

   (f) **"Facultative Reinsurance"** is the form of reinsurance whereby the ceding company has the option to offer an individual risk to the reinsurer and the reinsurer retains the right to accept or reject the risk.

   (g) **"Fiscal Year"** means the Nepalese fiscal year beginning from 1st Sharwan to 31st Ashad (Mid-July to Mid-June)

   (h) **"Treaty Reinsurance"** is a contract between the ceding insurance company and

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the reinsurer who agrees to accept the risks of a predetermined class of policies over a period of time.

(i) **"Foreign Reinsurer"** means an entity established by a foreign regulatory Authority with a license to carry the reinsurance business across the border. The term also refers to Lloyds Syndicate.

(j) **"CLASS A"** means a foreign reinsurer by fulfilling the criteria, is enlisted with the Authority as per the **"Reinsurance Directive for Insurer, 2080."**

(k) **"CLASS B"** means the foreign reinsurer who doesn't fulfill the criteria in accordance with **Reinsurance Directive for Insurer 2080,** is permitted to transact the business in Nepalese Insurance market for the endorsement of extension for the unexpired risk till the expiry of the policy.

Chapter-II
Provision for the Enlistment of Foreign Reinsurer

3) **Foreign Reinsurer Enlistment:** (1) The foreign reinsurer involved in the treaty of the insurer, must be enlisted or renewed with Authority one month before the end of the fiscal year.

(2) In accordance with **Sub Section (1),** the rating of the foreign reinsurer involved in the treaty agreement must be as per the **Annexure 1.**

(3) The foreign reinsurer involved in the facultative insurance during any time of the fiscal year must be enlisted within **fifteen (15)** days after obtaining facultative support.

(4) In accordance with **Sub Section (3),** the rating of the foreign reinsurer involved in the facultative reinsurance must be as per the **Annexure 2.**

(5) A foreign reinsurer involved in facultative reinsurance who fulfills the criteria of the rating in accordance with sub-section 4 shall be qualified under **'Class A'.** Also, foreign reinsurers who does not meet the criteria for rating in accordance with sub-section 4 shall fall under **'Class B'.**

(6) Foreign Reinsurer falling under 'Class B' in Contractor All Risk (CAR), Erection All Risk (EAR), ALOP (Advance Loss of Profit), MCEAR (Marine Cum Erection All Risk) and similar class of business falling under Engineering portfolio can have the extension period as specified in the **Section 21(3)** of the **'Reinsurance Directive of Insurer, 2080'.**

(7) Foreign reinsurer in accordance with the **Annexure 3** and Lloyd's Syndicate member are not required to be enlisted with the Authority. However, it is the responsibility of insurance/reinsurance company to provide details of such reinsurer within one month of signing of the reinsurance contract.

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Chapter-III

Provision for the Enlistment of Foreign Reinsurance Broker

4) **Enlistment of Foreign Reinsurance Brokers**: (1) Foreign reinsurance brokers involved in treaty of the insurer, must be enlisted or renewed with Authority one month before the end of the fiscal year.

(2) The foreign reinsurance brokers involved in the facultative insurance during any time of the fiscal year must be enlisted within fifteen (15) days after obtaining facultative support.

Chapter-IV

Procedure for Registration and Renewal of the Enlistment

5) **Registration and Renewal for Enlistment**: (1) Foreign reinsurers involved in treaty must be registered/ renew their enlistment one month before the end of the fiscal year.

(2) Foreign reinsurers involved in facultative reinsurance must be registered in accordance to **Section 3(3)** and be renewed within **Thirty (30)** days after the end of Fiscal Year.

(3) New foreign reinsurance brokers involved in treaty must register their enlistment one month before the end of the fiscal year.

(4) Foreign reinsurance brokers involved in facultative reinsurance must be registered in accordance to **Section 4(2)**.

(5) The foreign reinsurer for enlistment shall submit an application with documents specified in (**Annexure 4**). Additional documents if deemed necessary can be asked by the Authority.

(6) The foreign reinsurance broker for enlistment shall submit an application with documents specified in (**Annexure 5**). Additional documents if deemed necessary can be asked by the Authority.

(7) The foreign reinsurer must submit the renewal application with the updated documents themselves or through authorized representative of domestic insurers every fiscal year.

(8) The Authority may provide enlistment number under **Class A / Class B** for foreign reinsures and enlistment number to foreign reinsurance brokers after the examination of the documents submitted.

(9) Application for enlistment by foreign reinsurers and reinsurance brokers must submit the documents themselves or through authorized representative from domestic insurers.

(10) The head office and branch office of foreign reinsurers and reinsurance brokers shall be enlisted separately.

6) **Establishment of Office:**(1) The provision on the establishment of office for the enlisted foreign reinsurance brokers should be as mentioned in the **Section 13** of **"Reinsurance Directive of Insurer, 2080".**

(2) Foreign reinsurance brokers with different Jurisdictional branches enlisted at the Authority, could establish single representative office in accordance to **Sub Section 1**

(3) The foreign reinsurance brokers office established under **Sub Section 1 and 2** shall not be required to renew annually.

7) **The list shall be published**: The foreign reinsurers and reinsurance brokers enlisted in accordance with Section 3 and Section 4 shall be published through Authority's website.

8) **To conduct business:** (1) The domestic insurers, reinsurers and brokers must transact the business with foreign reinsurers and reinsurance brokers who are enlisted and registered with the Authority in accordance with **"Reinsurance Directive of Insurer, 2080."**

(2) If this provision is not adhered to, the given enlistment will automatically become void and then after, any transaction made with such brokers will not be recognized.

Chapter-V
Miscellaneous

9) **Records must be preserved:** All records and documents prepared, collected or developed for the purpose of the enlistment of foreign reinsurers and reinsurance brokers by the insurer must be maintained and preserved properly.

10) **Prior to these guidelines:** Before these guidelines come into effect, the Authority shall consider the work related to the enlistment of foreign reinsurers and reinsurance brokers as being conducted in accordance with these guidelines.

11) **Right to take action:** (1) The Authority shall reject the enlistment application if any discrepancies are identified between the required document and submitted document as per Annexure 1 and 2.

(2) The Authority reserves the right to delist the Foreign Reinsurer and Broker.

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Annexure - 1

Minimum Rating for Foreign Reinsurer's (Treaty Reinsurance)

Rating Agency	AM Best Rating	S&P Rating	Moody's Rating	Fitch Rating
Leader's Rating	A-	A-	A3	A-
Follower's Rating	B	BBB	Baa1	BBB

Annexure–2

Minimum Rating for Foreign Reinsurer's (Facultative Reinsurance)

Rating Agency	AM Best Rating	S&P Rating	Moody's Rating	Fitch Rating
Rating	B	BBB	Baa1	BBB

Annexure–3

High Rated Reinsurer's for Treaty and Facultative

Rating Agency	AM Best Rating	S&P Rating	Moody's Rating	Fitch Rating
Rating	A++	AAA	Aaa	AAA

Annexure -4

Application for Alloctment of Enlistment to Foreign Reinsurers

The application shall be signed by Authorized Signatory of Foreign Reinsurer and Authorized Representative.

1. New / Renewal Please mark (✓)	New [ ] / Renewal [ ]
2. Application for Enlistment to AUTHORITY for Fiscal Year	
3. Application for allotment of Enlistment Number for Class A Foreign Reinsurer or Class B Foreign Reinsurer.	Class A [ ] /Class B [ ]
4. Particulars	**Details**
A. General Information	
Name and address of the Foreign Reinsurer (Head office / Branch)	
Date of Incorporation	(dd/mm/yy)
Official Email Address of Foreign Reinsurer	
Name and country of Supervisory Authority with whom the Reinsurance Company is registered (Certificate Attach)	
Registration Number obtained from Regulator	
As per registration certificate granted by Domicile Regulator or Supervisory Authority the Foreign Reinsurer is Authorized to transact Portfolio. Please mark (✓)	Direct Insurer (Life) [ ], Direct Insurer (General) [ ], , Composite Direct Insurance (i.e. Life& General) [ ], or /and Reinsurance Business. [ ]
B. **Details of the Contact Person from Foreign Reinsurer**	
Name	
Designation	
Contact Number	
Address	
Email Address	
C. **Current Rating (Attach certificate)**	
Name of Rating Agency	
Year of Rating	
Credit Rating	
D. **Current Financial Position of Foreign Reinsurer** (Please mention details and attach the Financial Statement- Balance sheet, Cash flow statement and Profit and loss account)	
Paid-up Capital	
Net Worth	
Reserve and Surplus	
Currency in which reinsurance business will be transacted	

5. Financial Details	**Current Year**	**Preceding Year**
Solvency ratio		
Incurred Claim ratio		
Combined ratio		
6. AUTHORITY Enlistment Number (For renewal only)		
7. Reinsurance Participation Please mark (✓)	Treaty [ ] Facultative [ ] Both [ ]	

8. DECLARATION CUM UNDERTAKING BY AUTHORISED REPRESENTATIVE (POWER DELEGATED BY FOREIGN REINSURER)

I/We provide delegation of Authority to the following Local Insurance Company/ Local Reinsurance Broker for enlistment process at Nepal Insurance Authority (AUTHORITY)

Name and Address of Local Insurance Company/ Local Reinsurance Broker

Designation: -
Email address: -
Contact Number: -
Note: Please attach delegation of Authority letter

9. DECLARATION CUM UNDERTAKING: I/We solemnly declare that the information supplied in thi application form is true and correct.

Signature:
Designation:
(Authorized Signatory and seal of foreign reinsurers)

Annexure - 5

Application for Allotment of Enlistment number to Foreign Reinsurance Brokers

The application shall be signed by Authorized Signatory of Foreign Reinsurance Broker and Authorized Representative.

1. New / Renewal Please mark (✓)	New [ ] / Renewal [ ]
2. Application for Enlistment to AUTHORITY for FY	
3. Particulars	**Details**
A. General Information	
Name and address of the Foreign Reinsurance Broker (Head office / Branch)	
Date of Incorporation	(dd/mm/yy)
Official Email Adress of the Company	
Name and address of Supervisory Authority with whom the Foreign Reinsurance Broker is registered (Attach Certificate)	
As per registration certificate granted by Domicile Regulator or Supervisory Authority the Foreign Reinsurer is Authorized to transact portfolio. Please mark (✓)	Direct Insurer (Life) [ ], Direct Insurer (General) [ ], , Composite Direct Insurance (i.e Life& General) [ ], or /and Reinsurance Business. [ ],
B. Details of the Contact Person from Foreign Reinsurance Broker	
Name	
Designation	
Contact Number	
Address	
Email Address	
C. Current Financial Statement (Attach)	
D. Current Professional Indemnity Policy (Attach)	
Enlistment Number (For Renewal Only)	

4. DECLARATION CUM UNDERTAKING BY AUTHORISED REPRESENTATIVE (POWER DELEGATED BY FOREIGN REINSURANCE BROKER)

I/We provide delegation of Authority to the following Local Insurance Company/ Local Reinsurance Broker for enlistment process at Nepal Insurance Authority (AUTHORITY)

Name and Address of Insurance Company/ Local Reinsurance Broker

Designation: -

Email address: -

Contact Number: -

Note: Please attach delegation of Authority letter

5. DECLARATION CUM UNDERTAKING: I/We solemnly declare that the information supplied in this application form is true and correct.

Signature:

Designation:

(Authorized Signatory and seal of foreign reinsurers)

Annexure -6

Application for Allotment of Enlistment Number to Llyod's Syndicate

The application shall be signed by Authorized Signatory Llyod's Syndicate and Authorized Representative.

1. Renewal Please mark (✓)	New [ ] / Renewal [ ]
2. Application for Enlistment to AUTHORITY for FY	
3. Particulars	**Details**
A. General Information	
Name and address of the Llyod's Syndicate	
Date of Incorporation	(dd/mm/yy)
Official Email Adress	
List of Members of Llyod's Syndicate member (Attach)	
Name and address of Supervisory Authority with whom the Llyod's Syndicate is registered (Attached)	
As per registration certificate granted by Domicile Regulator or Supervisory Authority the Foreign Reinsurer is Authorized to transact. Please mark (✓)	Aviation [ ]
B. Details of the Contact Person/Local Broker/ Local Insurance Company	
Name	
Designation	
Contact Number	
Address	
Email Address	
C. Financial Statement (Attached)	Yes/ No
Enlistment Number	

4. DECLARATION CUM UNDERTAKING: I/We solemnly declare that the information supplied in this application form is true and correct.
Signature:
Designation:
(Authorized Signatory and seal of foreign reinsurers)