

# **Objetivos, poderes y responsabilidades del supervisor sobre el desarrollo de seguros inclusivos**

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# Round 1

a)

Decree-Law 73/66 created the CNSP (National Council of Private Insurance), the system's deliberative body and responsible for the settlement of the Brazilian Government policies' guidelines and directives for insurance and capitalization companies and open private pension entities in Brazil. The mentioned Decree-Law also created SUSEP as the executive body of the politics delineated by the CNSP, being also the insurance commissioner, responsible for the supervision and control of the insurance, open private pension funds and capitalization markets in Brazil.

SUSEP plays a key role within CNSP, since all the rules issued by the Council are elaborated by SUSEP and have its prior approval

SUSEP's mission definition is internally established in line with the exclusive authority of the Federal Government in the formulation of private insurance policies' settled by CNSP: regulate, supervise and promote insurance markets, reinsurance, open private pension and capitalization, promoting the insurance inclusion as well as quality service to consumers. In this sense, given the government guidelines to encourage the creation of financial products and services adapted to the reality of low-income population and formal and informal micro-entrepreneurs, SUSEP, since 2003, has been implementing actions to encourage the commercialization of simplified and cost-effective insurance products.

b)

We understand that the mandate is explicit considering the mission of Susep.

# Round 2

a)

The first initiatives in the inclusive insurance regulation resulted in the publication of SUSEP Circular 267/2004, on 21/09/2004, the first rule for popular life insurance, which established standard terms and conditions for this product. Subsequently, on 17/11/2005, it was published the SUSEP Circular 306 / 2005 for popular auto insurance. These standards were designed primarily to raise the interest of the insurance industry to this new line of business.

It is important to mention the Decree 5.172 / 2004, which reduced the IOF (Tax on Financial Operations) for life insurance, 7% to 2%, reaching zero rate (0%) in 2006 with positive repercussions on life insurance products in general.

In addition, with the publication of Resolution CNSP 110/2004, on 05/07/2004, ombudsman was created in almost all insurance companies, establishing important mechanisms to safeguard the rights of consumers, especially for the low-income population.

The regulation of microinsurance in Brazil began with the establishment of the Consultative Committee on Microinsurance of CNSP, with members of the public and private sectors. Then, a working group was created with representatives of SUSEP and the supervised market in order to propose special rules for the development of microinsurance in Brazil. The proposal submitted by the working group formed the basis for the preparation of CNSP Resolution 244/2011, which provides guidelines focusing on product regulation, prudential regulation, and market conduct regulation, delegating to SUSEP the competence to decide on technical and operational issues. Subsequently, additional standards were published:

# Round 2 (cont)

- SUSEP Circular 439/2012: establishes conditions of authorisation for corporations and entities to operate with microinsurance.
  - SUSEP Circular 440/2012: establishes mandatory parameters for microinsurance plans, defines forms of contracts, including the use of remote means.
  - SUSEP Circular 441/2012: regulates the offer of microinsurance plans through correspondents of financial institutions and other institutions authorised to operate by the Central Bank of Brazil.
  - SUSEP Circular 442/2012: regulates the operations of microinsurance correspondents.
  - SUSEP Circular 443/2012: regulates the registration and the activity of microinsurance brokers.
  - SUSEP Circular 444/2012: establishes the use of capitalization bonds products to increase commercialization of microinsurance products.
  - SUSEP Circular 455/2012: establishes coverage classification contained in microinsurance plans for accounting purposes.
- b)  
Not applicable.

# Round 3

a)

The supervised market participated in the discussions of the rules by the Consultative Committee and the Working Group mentioned before. This participation was important to better understand the market overview and to discuss the technical aspects and impacts related to the regulation. SUSEP adopts this approach before the publication of any rule, creating standing committees with market representatives (accounting, actuarial investments), plus technical working groups established within the framework of these committees to discuss specific topics. It is convenient to point out that the final decisions are always taken by Susep, and that proposed rules are usually available for public consultation to ensure greater transparency and participation of the society as a whole in the rule development process.

b)

Not applicable.

# Round 4

## 4.1 a)

The creation of the microinsurance correspondent was important to increase the product access to low-income families, according to their specific needs. It is necessary, however, to give a special tax treatment for such products to increase their attractiveness. Insurance is considered an expensive product and its price reduction is essential for the further development of microinsurance in Brazil. The proposal of a law establishing lower tax rates for microinsurance is still under review by Congress.

b) Not applicable.

## 4.2)

Expand the sales channel, creating community representatives for the sale of microinsurance (microinsurance broker) makes the product more accessible to low-income population; implement a financial and insurance education policy, showing the importance of insurance in people's lives; give special tax treatment for microinsurance products, making it more attractive to the low-income population.

# Round 5

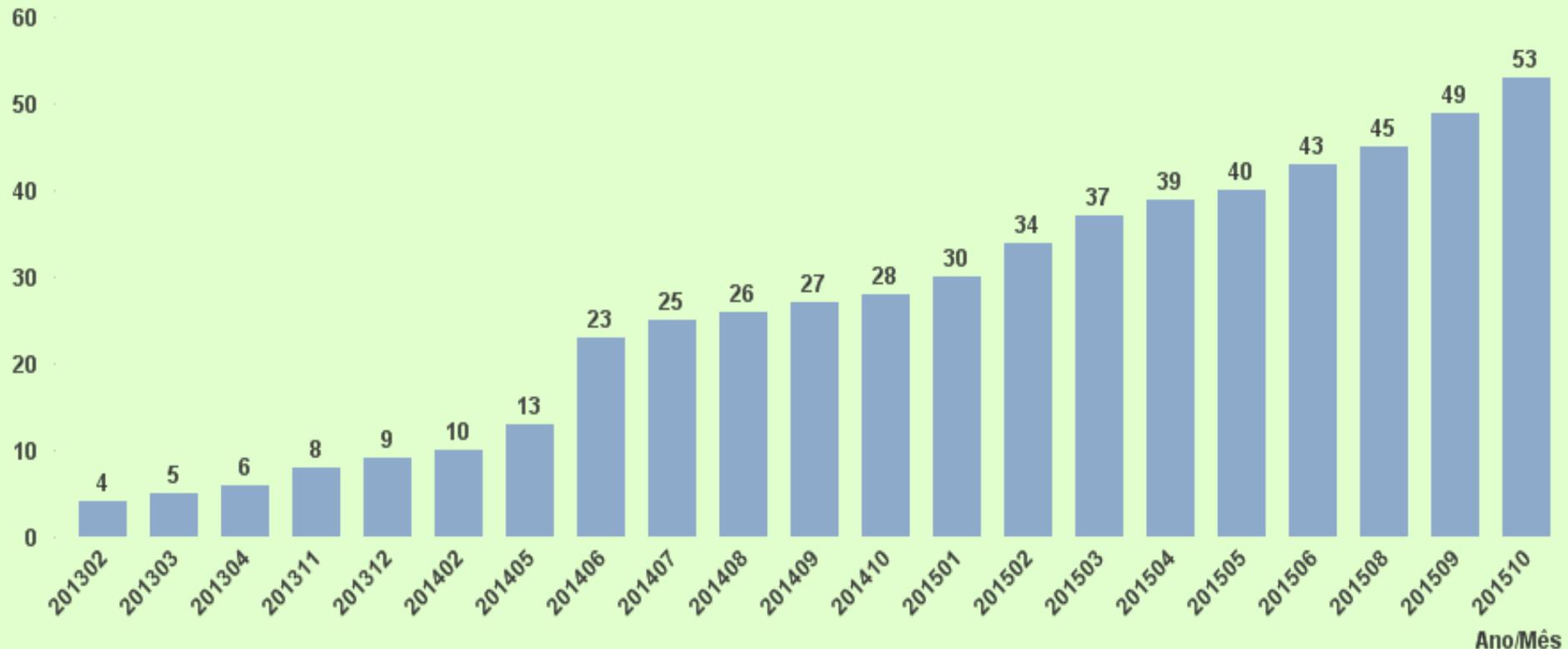
- The approval of products eliminates marketing issues that can create barriers to the development of the sector;
- Less rigid base capital rules favor the entry of specialized companies;
- Applying the principle of proportionality create a better competitive environment;
- Clear rules on the product allow the application of specific incentive policies for the sector;
- Differentiated taxation enables lower prices and increases the selling of such products;
- Financial and insurance education can increase the perception of the importance of insurance products in the low-income population;
- Sales representatives widen the distribution channel as well as the possibility of using remote means (cellular, internet, etc.);
- All contracts of the plans sold in Brazil are available on the internet (not only for microinsurance products) - this transparency is very important for the policyholders to know their rights and the events covered by the acquired plans.

# Round 6

- Approve specific taxation for microinsurance. The proposal of a law establishing lower tax rates for microinsurance is still under review by Congress. (Law proposal nº. 3266/2008);
- Expand financial and insurance education programs;
- Apply the principle of proportionality to new solvency rules (ORSA, ERM, data request, etc.);
- Improve transparency:
  - . All companies must send accounting, actuarial and statistical data monthly to Susep, using a system called FIPSUSEP, which can be downloaded at <http://susep.gov.br/menu/informacoes-ao-mercado/envio-de-dados-a-susep/fipsusep>.
  - . Susep publishes monthly detailed information sent from all the companies of the supervised Market. These information can be obtained accessing the Information Statistical System available at <http://www2.susep.gov.br/menuestatistica/SES/principal.aspx>.
  - . All solvency rules are consolidated in two rules: CNSP Resolution nº 321/2015 and Susep Circular nº 517/2015. They were organized in 3 chapters, according to the three pillars of Solvency II.

# Additional Information: microinsurance products approved

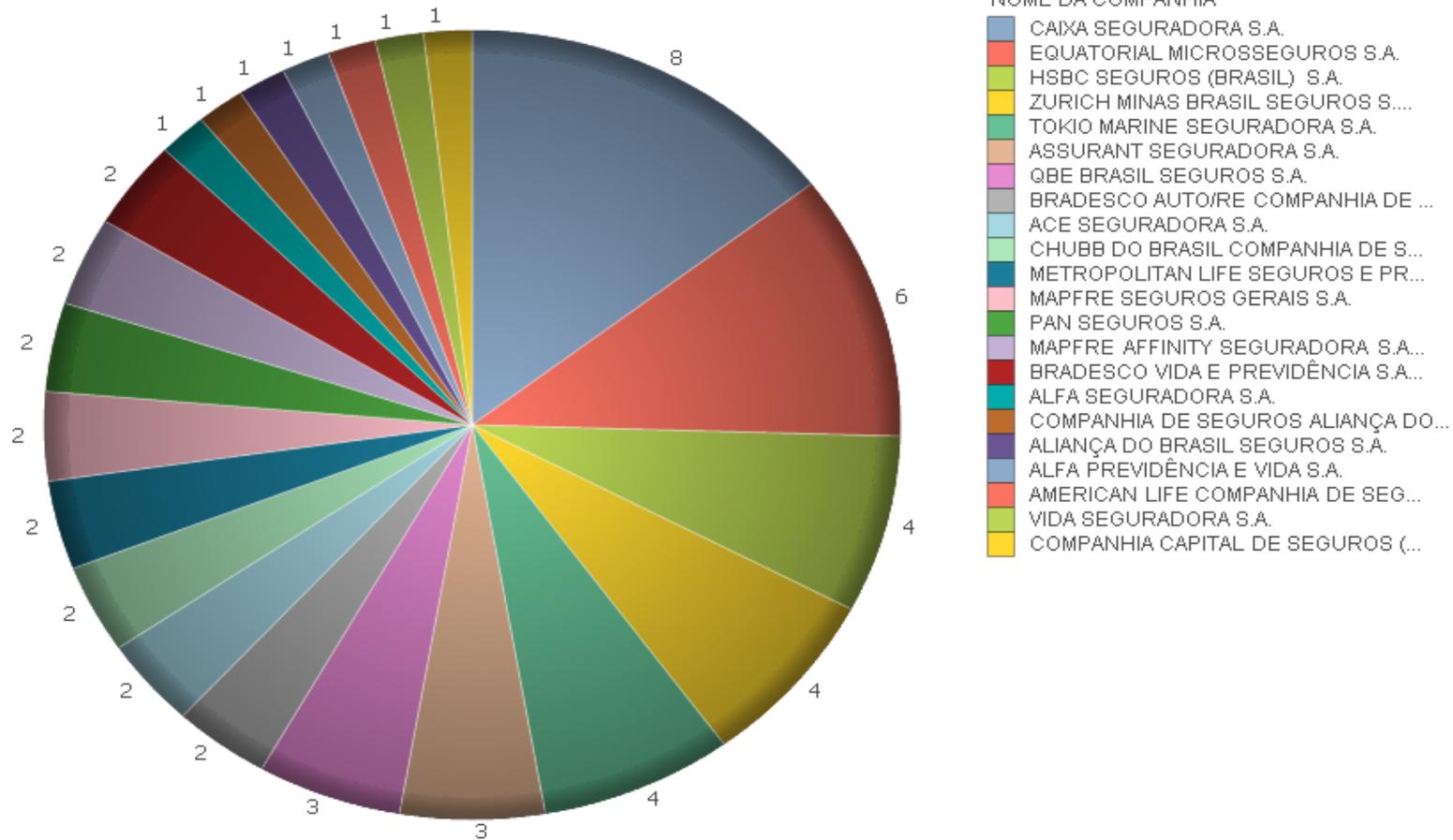
Processos Aprovados/Liberados (Acumulado)



Ano/Mês

# Additional Information: microinsurance products by company

Quantidade de Produtos



# Additional Information: direct premium written for microinsurance products

<b>Year/Month</b>	<b>Direct Premium</b>	<b>Year/Month</b>	<b>Direct Premium</b>	<b>%</b>
201401	679.924	201501	6.638.980	876,4%
201402	795.082	201502	5.200.122	554,0%
201403	728.025	201503	7.413.860	918,4%
201404	900.410	201504	6.061.526	573,2%
201405	902.885	201505	6.655.552	637,1%
201406	661.325	201506	8.467.264	1180,3%

Obs.: updated values up to 2015/10 can be obtained accessing the Information Statistical System mentioned before

Thanks!

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