

April 7, 2021

TOZZINIFREIRE  
ADVOCADOS

## New Rule - Large Risks: CNSP Resolution No. 407/2021

# INTERNET

- Contractual freedom for Large Risks (property insurance policies) with negotiable conditions between parties;
- Parity treatment with exceptional intervention by the regulator;
- Possibility of SUSEP (Brazilian Insurance Regulator) issuing complementary rules;
- 32 articles;
- SUSEP Circular No. 621/2021 (mass) may be used for large risks facultatively;
- The contractual conditions and the actuarial technical notes relating to large risk contracts are not subject to the electronic registration of products at SUSEP, and must be kept under the Insurer's custody;
- Effective immediately as of April 1, 2021 (including for renewals).

## LARGE RISKS – CHARACTERISTICS

❖ Insurance Lines:

- ✓ Petroleum Risks;
- ✓ Named Perils and Operational Risks;
- ✓ Global Banking;
- ✓ Aeronautical;
- ✓ Maritime;
- ✓ Nuclear;
- ✓ Internal Credit and Export Credit (insured as legal entity).

Or any other insurance line contracted by legal entities, including policyholder, that present, at the time of hiring and renewal, at least one of the following characteristics:

- ✓ Maximum insurance limit greater than BRL 15,000,000.00;
- ✓ Total assets greater than BRL 27,000,000.00, in the immediately preceding fiscal year; or
- ✓ Gross annual revenues greater than BRL 57,000,000.00, in the immediately preceding fiscal year.

Note: Insurance purchased by more than one policyholder or insured, as long as at least one of the policyholders or insured has, at the minimum, assets or revenues exceeding the amounts mentioned above. In the case of guarantee insurance, the criteria apply to policyholder or insured that belong to an economic group (control or direction).

## MINIMUM MANDATORY ELEMENTS

- Logical, clear, and objective ordering of contractual conditions;
- Glossary with the definition of the technical terms and foreign words used;
- Geographical scope of coverage;
- Premium payment;
- Covered risks;
- Excluded risks (written in evidence);
- Exact definition of the beginning and the end of the obligations;
- Insurance renewal procedure, when applicable;
- Criteria for amendment and updating values;
- Communication, claims adjustment, and settlement, including the minimum documentation and the general flow for claims adjustment;
- Hypotheses of contract termination;
- Deductibles, obligatory participations of the insured, grace periods, and reinstatement, if any;
- Maximum indemnity limit;
- Competition clause, when applicable; and
- Loss of rights (written in evidence).

## MEANS OF CONFLICT RESOLUTION

The parties must agree and formally define, in the insurance contractual conditions, whether they will use mediation, arbitration, or another form of dispute resolution.

When an arbitration agreement is signed, the arbitration clause and the arbitration commitment should be written in a clear and objective manner, **preferably** providing for the arbitration chamber freely chosen by the parties.

## SPECIFIC PROVISIONS

Petroleum Risks

Named Perils and Operational Risks

Global Banking

Aeronautical

Maritime

Nuclear Risks

Internal Credit and Export Credit (insured as legal entity)

The specific provisions that regulate or come to regulate the mandatory insurance or coverage, established by law, from international agreements or not, must be observed and prevail over the resolution.

CONTACT:

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