

Title	Colombia: Offshore Coverholder Notification Requirement
Purpose	To alert the market of a new regulatory requirement concerning all coverholders binding reinsurance business from Colombia and to provide clarity on the process established to comply with this requirement.
Type	Event
From	Yael Chen, Senior Manager, International Regulatory Affairs
Date	2 November 2018
Deadline	n/a
Related links	https://www.lloyds.com/lloyds-around-the-world/americas/colombia/coverholder-registration-process

Background

Lloyd's is registered as a Foreign Reinsurer in Colombia. This registration enables Lloyd's underwriters to write reinsurance business on a cross-border basis or local underwriting of reinsurance via Managing Agent delegates.¹ Onshore coverholders are not permitted to operate within Colombia.

The Colombian regulator – the *Superintendencia Financiera de Colombia* ("SFC") has issued new requirements for all registered foreign reinsurers to provide details of all coverholders binding Colombian reinsurance business across borders.

This Market Bulletin aims to clarify the notification requirements for coverholders underwriting Colombian reinsurance business from abroad. The requirements are outlined

¹ A managing agent delegate is a company or partnership authorised by a Managing Agent to enter into a contract or contracts of insurance to be underwritten by the members of a syndicate managed by it in accordance with the terms of a Binding Authority.

in Annex 1 of **SFC Circular Externa No. 020, of 03 October 2018**². Annex 1 of this Market Bulletin contains an extract of the relevant regulations (in original Spanish and free English translation). For additional information on the notification process and a list of frequently asked questions, please visit [this link](#).

Coverholder notification requirement

Lloyd's coverholders based outside Colombia are permitted to write Colombian reinsurance business across borders under Lloyd's underwriters' reinsurance licence. New requirements issued by the regulator (SFC External Circular 020 of 03 October 2018) state that the registered reinsurer (Lloyd's Underwriters) must notify the regulator of their intention to appoint offshore coverholders, submitting a notification which must include details of all the coverholders that will write reinsurance business across borders. Following the submission, the coverholder will be allowed to underwrite Colombian business on behalf of the concerned reinsurer.

Notification procedure

To initiate the process, Lloyd's coverholders based outside of Colombia that intend to transact Colombian reinsurance business across borders are required to contact Lloyd's Representative Office in Colombia (email to: colcoverholders@lloyds.com) with the following information:

- Name of the coverholder;
- UMR;
- Location;
- Supporting syndicates numbers and names;
- Lines of business and type of cover;
- Limits of subscription (territorial or total exposure limits);
- Period of validity of the binding authority;
- Copy of the binding authority; and
- Details of a point of contact who will be engaged throughout the notification process.

To ensure continuous compliance with the notification requirement, coverholders must notify Lloyd's Colombia of any changes to the binding authority, including any modifications to the agreement, renewal or cancellation. This notification should be issued as quickly as possible and **must not exceed 14 calendar days** after the changes have come into effect.

² External Circular 020 of 03 October 2018 that provides instructions on the registration procedure, periodic remission of information and cancellation of registration for foreign reinsurance entities and reinsurance brokers registered in the Registry of Foreign Reinsurance Entities and Reinsurance Brokers, REACOEX (*SFC Circular Externa 020 de 03 Octubre de 2018 que imparte instrucciones sobre el procedimiento de inscripción, remisión periódica de información y cancelación del registro para las entidades reaseguradoras y corredores de reaseguros del exterior inscritos en el Registro de Reaseguradoras y Corredores de Reaseguro del Exterior, REACOEX*).

See the full text of the Circular here:

https://www.superfinanciera.gov.co/descargas/institucional/pubFile1033597/ce020_18.doc and the Annex here:

https://www.superfinanciera.gov.co/descargas/institucional/pubFile1033629/ance020_18.zip.

For more information about the notification process for coverholders writing cross-border reinsurance business from Colombia, please visit [this link](#).

Further information

If you have any queries related to this bulletin, please contact:

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Annex 1: Extract of SFC External Circular 020/2018

Original (Spanish)	Free English translation
Anexo a la Circular Externa de la Superintendencia Financiera de Colombia No. 020 de 03 Octubre de 2018 que imparte instrucciones sobre el procedimiento de inscripción, remisión periódica de información y cancelación del registro para las entidades reaseguradoras y corredores de reaseguros del exterior inscritos en el REACOEX	Annex to the External Circular of the Financial Superintendency of Colombia No. 020 of 03 October 2018 that gives instructions on the registration procedure, periodic remission of information and cancellation of registration for reinsurance entities and reinsurance brokers abroad registered in the REACOEX
2.2.1.8. Identificación de las agencias de suscripción que la entidad reaseguradora ha autorizado para aceptar o ceder responsabilidades de reaseguro en su nombre y representación. Para tal efecto la entidad reaseguradora debe remitir en formato de Excel, la siguiente información: nombre o razón social, ubicación y/o país, ramos y coberturas autorizadas, limitaciones en la suscripción (territoriales o sumas aseguradas) y vigencia de la autorización.	2.2.1.8. Identification of the underwriting agencies to whom the reinsurance entity has authorised to accept or assign reinsurance responsibilities on its behalf. To this end, the reinsurance entity must submit the following information in Excel format: name or business name, location and / or country, authorisation lines and coverage, limitations of subscription (territorial or insured sums) and period of validity of the authorisation.
La entidad reaseguradora del exterior será responsable de la información contenida en el REACOEX respecto de cada una de las agencias de suscripción que actúen en su nombre y representación, así como de su respectiva actualización y de las operaciones por estas efectuadas.	The foreign reinsurer will be responsible for the information contained in REACOEX with respect to each of the coverholders that act on their behalf and representation, as well as their respective updating and operations performed by them.
Por consiguiente, contará con 30 días calendario (contados desde la modificación) para notificar a la SFC de las novedades que se produzcan respecto de la información contenida en el REACOEX de las agencias de suscripción.	Therefore, it will have 30 calendar days (counted from the date of modification) to notify the SFC of the news that may occur regarding the information contained in the REACOEX of the subscription agencies.
Adicionalmente, las agencias de suscripción que se encuentren autorizadas en su país de origen para desarrollar actividades de intermediación en calidad de corredor, deben inscribirse como corredores de reaseguro de acuerdo con lo indicado en el subnumeral 2.2.2. de este Capítulo.	Additionally, the coverholders that are authorised in their country of origin to carry out intermediation activities as a broker must register as reinsurance brokers in accordance with sub-section 2.2.2. of this Chapter.