

KPMG Myanmar Tax Alert

KPMG in Myanmar

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Additional updates on insurance

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On 12 May 2020, the Insurance Business Regulatory Board (“IBRB”) issued directive 4/2020 on reinsurance in Myanmar. It will take effect from 1 October 2020 and a few key points are as follows:-

Retention

All insurers and reinsurers will need to:-

- 1 Maintain maximum retention commensurate with its financial strength, risks and volume of business;
- 2 Maintain a retention programme for each segment and by product;
- 3 Ensure that it is not fronting for cross border reinsurers (i.e. a reinsurer without a licence to operate in Myanmar); and
- 4 Maintain a minimum retention of 20% of its life insurance portfolio.



Thomas Chan
Partner
Tax and Regulatory
+959975068076
tchan8@kpmg.com

Submission requirements

Insurers and reinsurers will need to undertake the following:-

- a) To submit the reinsurance programme to the IBRB, 90 days before the start of the financial year;
- b) Within 30 days of the start of the financial year, submit the final reinsurance program with a declaration by the CEO that the entity has not made any changes to the filed reinsurance program
- c) Within 30 days of the start of the financial year, provide the details of any reinsurance placed with reinsurers for each insurance segment
- d) To submit the new or revised reinsurance program with the reasons for the revision within 15 days of the approval of the new or revised program.
- e) To submit within 30 days after end of the financial year, the operation of the reinsurance business of previous financial year and provisioning methods and amounts for each kind of reserve related to the reinsurance business, signed by a certifying actuary.

Compulsory cessation limits to Cross Border Reinsurers (“CBR”)

Without exceptions granted by the IBRB, the limits (based on a total of premium ceded outside of Myanmar) for cessation of non-life businesses will be as follows:-

Rating of the cross border reinsurer by Standard & Poor or equivalent	Maximum overall cessation limits allowed per CBR
Greater than A+	50%
Greater than BBB+ and including A+	40%
BBB & BBB+	20%

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Myanma insurance ("MI")

Do take note that above insurers will need to offer to cede up to 10% of any insurance segment to ("MI"). However, MI has the discretion to accept the 10% limit or part thereof. The residual risk not accepted by MI may be reinsured with CBRs.

For more details, we enclose the document in its entirety here for your reference.



Reinsurance
Directive(4-2020),My:

How can KPMG help

KPMG can assist in advising on how best to apply the above. Reinsurers will also need to take special note of their business opportunities and compliance requirements. Please feel free to reach out to our professionals to discuss how these changes would impact your businesses.

About Myanmar Tax Alerts

KPMG Myanmar Tax Alerts highlight the latest tax and regulatory developments, impending changes to law or regulations, current practices and potential problem areas that may impact your company. As certain issues discussed herein are time sensitive, it is advisable to make your plans accordingly.

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