

To: Surya Prasad Silwal
Chairman
Beema Samiti

Cc: Raju Raman Paudel, Executive Director
Nirmal Adhikari, Information Officer – Deputy Director

Date: 21 December 2021

Subject: Request for meeting on mandatory offer of first preference to domestic reinsurance companies

Dear Mr Chairman,

It is unfortunate that the global pandemic has prevented us from meeting on the margins of the International Association of Insurance Supervisors' (IAIS) annual events, where we could have discussed issues informally. I sincerely hope that 2022 will allow us to meet at the IAIS event in Chile in November. In the interim, I would kindly request that your office engages with the Global Federation of Insurance Associations (GFIA) on a matter that has been covered by the Asia Insurance Review and other trade press, specifically: Bi.Sa. 126 (078/079) C.N. 2022.

I am communicating as chair of [GFIA's Trade Working Group](#) to inquire about your prudential and financial stability objectives for Bi.Sa. 126 (078/079) C.N. 2022, which our global members, both primary and reinsurance, have interpreted as being a mandatory offer of first preference to domestic reinsurance companies.

GFIA, along with several other global industry groups, has formed the Coalition for Reinsurance Education (CORE) which engages with regulators precisely to discuss why forced reinsurance localisation violates the IAIS' Insurance Core Principles. Your localisation requirement is of concern to GFIA members, and we are therefore seeking the opportunity to engage with your office to discuss this matter, either via correspondence or through a virtual meeting, whichever is most convenient for you.

Reinsurance serves many useful roles for risk transfer, customer protection and financial stability, both micro and macro. As stakeholders at the Organisation for Economic Co-operation and Development (OECD), we have participated in recent OECD work in this area with the Asia Development Bank Institute. We can offer international technical assistance and capacity resources, as well as providing multiple examples of reinsurance localisation leading to consumer, taxpayer and overall economic harm.

We have also demonstrated that reinsurance localisation yields no identifiable prudential benefit and have made similar comments this year to other markets that have considered reinsurance localisation. Furthermore, we have flagged several for review under the International Monetary Fund's Financial Sector Assessment Program.



GLOBAL FEDERATION OF INSURANCE ASSOCIATIONS

GFIA and our members (operating both within and outside Nepal) would be pleased to provide you with our thoughts on other more prudential options that would better facilitate the growth and development of the industry and protect Nepalese citizens. Please let me know how we may be of assistance and if we could indeed schedule a dialogue in the coming days.

Sincerely,

Brad Smith

Chair of the GFIA Trade working group (BradSmith@acli.com)

About GFIA

The Global Federation of Insurance Associations (GFIA), established in October 2012, represents through its 43 member associations and 1 observer associations the interests of insurers and reinsurers in 66 countries. These companies account for 89% of total insurance premiums worldwide, amounting to more than \$4 trillion. GFIA is incorporated in Switzerland and its secretariat is based in Brussels.