

Panama Raises the Regulatory Standard for the Registration of Foreign Reinsurers

Reinsurance plays a fundamental role in the insurance industry, acting as a financial backstop for insurance companies that allows them to spread the risks they assume. In Panama, when these operations involve foreign reinsurers that is, those not established in the country but regulated by authorities in their home jurisdictions they must meet specific requirements to operate legally. This process is carried out through registration in the Mandatory Registry administered by Panama's Superintendency of Insurance and Reinsurance.

Intending to strengthen supervisory standards and align with international best practices, the Superintendency issued Agreement No. 1 of 2025 this year, published in Official Gazette No. 30220 on February 17. This new agreement supersedes Agreement No. 4 of 2012, which had been in effect for over a decade. The new regulation not only modernizes the registration requirements but also redefines the conditions for renewing or canceling said registration.

One of the most significant changes introduced by Agreement No. 1 of 2025 is the inclusion of the criterion of reputation as an additional element to those already in place, such as solvency, liquidity, track record, experience, and professionalism of the reinsurer. This means that the institutional integrity and public perception of the reinsurer will now also be assessed when granting registration. In line with this stricter approach, insurers are required to demonstrate the financial capacity of their reinsurers by submitting audited financial statements. Unlike the previous regulation, these statements must now cover the past two years, and the most recent must not be older than six months at the time of the application.

Regarding risk ratings, the minimum required levels from the leading international agencies remain in place: Moody's Baa3, S&P BBB, Fitch BBB, and A.M. Best B+. However, the new agreement specifies that, in the case of a subsidiary, this condition must be explicitly stated in the submitted documentation. Additionally, the maximum permissible age of the rating has been reduced to eighteen months, which strengthens the requirement for up-to-date financial information.

Regarding the renewal of registration, the agreement stipulates that it will automatically expire at the end of its term without the possibility of automatic extension. In such a case, the foreign reinsurer must submit a new application that meets all the updated



requirements. The list of grounds for cancellation has also been expanded. In addition to situations such as lack of technical or financial capacity, intervention, dissolution, or bankruptcy, it now includes reputational deterioration, submission of false documents, and the possibility of temporary suspension of the registration without the need for permanent cancellation.

With this new regulatory framework, Panama reinforces its commitment to the stability of the insurance market by demanding greater transparency, technical rigor, and higher ethical standards from foreign reinsurers operating in the country. At the same time, it modernizes procedures to make them more agile, clear, and aligned with current times.

At Alcogal, we stay up to date with regulatory changes and support our clients throughout the registration, renewal, or update process before Panama's Superintendency of Insurance and Reinsurance. Our legal team is ready to provide comprehensive advice and facilitate compliance with these requirements efficiently and confidently.