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Brazil's New Insurance Law

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Law 15.040, which governs private insurance, came into force on December 11, 2025.

Known as the new "Insurance Law," it sets out comprehensive rules for insurance contracts, covering all elements and stages, from contract formation to payment of indemnities, including insurable interest, risk, premium, claims, and reinsurance. The Law repeals the insurance provisions of the Civil Code and certain articles of Decree-Law 73/1966, recently amended by Complementary Law 213/2025, creating a modern legal structure for the sector.

The new Insurance Law incorporates concepts and practices already familiar to the market, regulators, and case law, while also introducing important innovations. Overall, the new statute establishes a more prescriptive and protective regime for policyholders than the Civil Code. It requires that exclusions and other clauses limiting coverage be interpreted narrowly, and in cases of doubt or contradiction, the interpretation most favorable to the insured must prevail.

Among the changes introduced by the new Law are clear rules for claims adjustment and settlement – an important phase of insurance contracts that was previously governed only by regulatory standards. Under the new provisions, the insurer, as is customary, retains the power to appoint a claims adjuster, who must act promptly and with integrity. The Law prohibits compensation for adjusters based on the amount saved for the insurer.

The Law also enhances transparency in the claims adjustment process. The report prepared by the adjuster is now shared between the insurer and the insured. If the insurer decides to deny coverage, it must provide the insured with all supporting evidence for its decision, except for confidential documents protected by law and documents that could harm third parties.

Another significant change is the explicit prohibition of unilateral cancellation of the contract by the insurer. While Brazil's courts had generally taken the position that such cancellations are abusive, the new statutory rule strengthens protection for policyholders. This guarantee of continued coverage is especially important for health and life insurance.

The new Insurance Law also addresses risk aggravation: policyholders will lose coverage only if the aggravation is both intentional and significant – meaning it results in "a substantial and sustained increase in the likelihood of the insured event occurring."

Limitation periods remain unchanged; however, for claims brought by policyholders, the limitation period now begins to run when the insurer expressly denies the policyholder's claim, rather than on the date the insured becomes aware of the event giving rise to the claim, as was the rule under the Civil Code.

While the Law allows for some regulatory flexibility, it is strict in several respects. For example, it imposes deadlines on insurers for risk acceptance, claims adjustment, and payment of claims. Some of these deadlines may be extended by the regulatory authority when required because of the complexity of the case, but the Law does not provide the same flexibility for the acceptance of proposals by insurers or reinsurers. As a result, statutory deadlines may prove insufficient for underwriting large or complex risks.

From the insurers' perspective, a key concern with the new legislation is this lack of distinction between mass-market insurance and large risks. Under current regulations, the parties enjoy broad freedom to negotiate contracts covering large risks, precisely because they involve high-value or complex policies, or major corporate insureds.

Although most provisions under Law 15.040 have immediate application, regulations will play an important role in providing detailed guidance on various aspects of the law.

In summary, the new Insurance Law establishes a specific legal framework for the insurance sector, reflecting its importance to Brazil's economy. Full assimilation of the new rules will take time, as regulations and the case law evolve and market participants adjust to the new requirements.

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