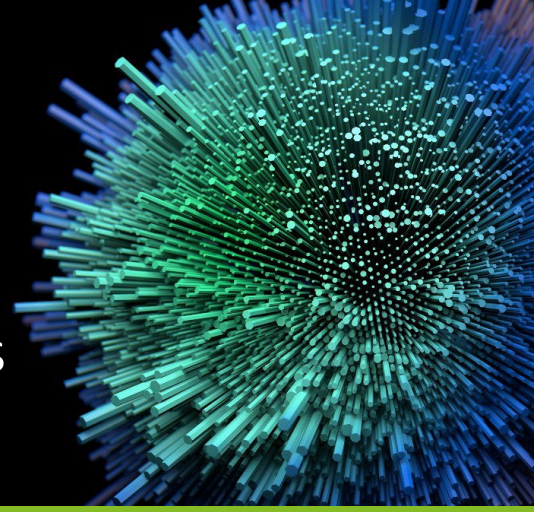


Actuarial & Insurance Solutions

Reserving for Cayman Captive Insurers



The Reserving Actuary can bring a range of benefits to Captive Insurers

Why is the Actuary's role important?

For captive insurers in Cayman, the key role for the external actuary is typically to generate an actuarial report on a periodic basis to support the reserves booked by the captive and its financial reporting. The key calculation in these reports is the estimation of the Incurred But Not Reported (IBNR) loss reserves.

The result of this calculation is of importance to several key stakeholders:

Stakeholder	Considerations/ Incentives
The Parent/ Group	Funding requirements, loss forecasting, tax implications
Auditor	Financial Reporting
The Regulator	Solvency
Fronting Carrier	Collateral requirements

CIMA Requirements for Actuaries

Per the Insurance Law, 2010, there is no Cayman Island's Monetary Authority (CIMA) requirement for an actuarial opinion to be submitted to the regulator for Class B (i), (ii) and (iii) insurers writing short term business.

For other classes of insurers CIMA requires an appointed actuary, who is to be a sufficiently qualified member of good standing with an actuarial body, to provide an annual valuation. Insurers may also be required to conduct a peer review exercise of its loss and loss expense provisions. The peer review process is formal and can be conducted by a colleague of the appointed actuary or a third party. The peer reviewing actuary is required to formally communicate to CIMA their findings.

Adding value as an actuarial provider

Deloitte goes beyond the minimum compliance solution by helping captives and their providers to have a full understanding of the actuarial result so that the findings in the actuarial report can be used to make more informed business decisions.

Although the actuarial report will speak to an Actuarial Central Estimate (ACE), under US GAAP, insurers must book a Management Best Estimate (MBE). The MBE may differ from the ACE and is typically greater than or equal to it. We support Management in understanding the potential volatility and uncertainty in our estimates through explaining the results of the various actuarial methods and the sensitivity of assumptions that feed the calculations. We can also provide Management guidance on what our theoretical range of reasonable reserves would be to ensure they do not book a number so conservative as to have audit implications.

We can also add value in the common cases where sufficiently creditable data is not available for a traditional analysis. Given the size of Deloitte's client base we have access to proprietary benchmarks as well as industry data.

In addition to the core services provided by the Reserving Actuary, our AIS team can provide a range of related services that are beneficial to our clients:



Additional Actuarial Services

- Detailed treaty/portfolio reviews to identify key issues, and risk transfer considerations
- Determine relevant industry benchmark loss ratios, loss development factors and catastrophe loss estimates
- Transaction financial, actuarial, and tax due diligence and/or purchase accounting for various transactions
- Assistance with Cayman Islands insurance licensing submission contents, including business plans and pro-forma financials

Differentiating Loss Reserve Specialist Services

Deloitte understands the varying needs of captives and other insurers

Cayman based Team

Deloitte's actuarial services are tailored for Cayman's captive market by providing team members that are based in Cayman and have local experience. Not only does this facilitate valuable in person collaboration but Cayman's Economic Substance Act of 2018 requires Entities to comply with certain requirements that ensure an adequate level of management, expenditure and activity within Cayman. These requirements can be supported by having appropriate service providers in Cayman.

With a team of qualified actuaries, our AIS practice is well placed to assist with operational needs and regulatory obligations for captive insurers.

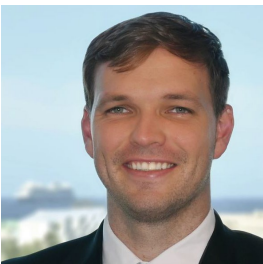
Captive Experience (audit and non-audit)

Your captive stands to benefit from a team with wide-ranging technical and commercial experience that can deliver market insights that you need. Our other service offerings that captives can benefit from include Assurance & Advisory, Risk Advisory, Financial Advisory, and Tax Services.

Our Competitive Offer

Once we have gained an understanding of your business needs, we can provide a quote for our services that will be competitive with the market.

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