

## Actuarial & Insurance Solutions

### Regulatory Advisory



#### Background

With a rapidly growing captive and reinsurance market, Cayman is established and strengthening as a prime destination for reinsurance companies. Companies are attracted to Cayman because they can gain access to a growing wealth of talent, including valuation, risk management, ALM, capital and liquidity management expertise.

The regulator governing financial and insurance related activities in Cayman is the Cayman Islands Monetary Authority (“CIMA”). In addition to the law and regulation governing insurers, there is guidance which sets out the expectations for (re)insurers.

#### Regulatory Environment

The primary governing statute in Cayman is the 2010 Insurance Law which applies to all entities conducting reinsurance business within Cayman. The regulatory requirements applicable will depend on the class of (re)insurer. CIMA categorizes (re)insuring entities as:

- Class A insurers, typically entities carrying out domestic insurance business
- Class B insurers, for captive insurers or reinsurers
- Class C insurers, for catastrophe bonds and other
- Class D, reserved for reinsurance business and ‘other business as may be approved’

In addition to the requirement that all (re)insurers are required to provide audited annual financial statements, CIMA requires class B, C and class D insurers writing long-term business to provide an annual valuation report. The requirements of this report are set out in a guidance note, with an additional supervisory information circular setting out the stress and scenario testing requirements for all insurers. Though these requirements are well set out, (re)insurers need to carefully determine the techniques and dependencies for their calculations and how the stress and scenario requirements align to their risk appetite.

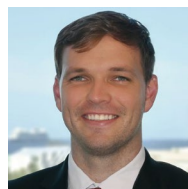
In terms of capital requirements, Cayman Law prescribes the amounts required for each class of insurer and insurer-type. In practice, (re)insurers might apply an internal model approach.

There are several other regulated activities covering the themes of internal capital models, stress testing, investment activities, and risk management.

#### How Deloitte can help

Deloitte offers Appointed Actuary, Peer Review Actuary services in addition to traditional core actuarial expertise, including internal model validation. Through our experiences we help insurers navigate Cayman's regulatory landscape and advising on efficient approaches to managing operations and capital.

Deloitte has a robust knowledge of the Cayman regulatory framework and provides guidance to licensed insurers and new entrants looking to join the Cayman market. We have developed working relationship with CIMA and Cayman licensed (re)insurers to stay abreast of any regulatory changes or innovations in industry practices. We have also supported new (re)insurers in analyzing the benefits of operating within Cayman and navigating the licensing process with CIMA. We can provide important insights on industry practices, feasibility of various reinsurance structures, and permitted practices within Cayman.



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