Cayman Monetary Regulatory Authority International

At the forefront of financial regulation, the Cayman Monetary Regulatory Authority International (CMRAI) is dedicated to upholding the highest standards of financial oversight and compliance. Our mission is to safeguard the stability and integrity of the global financial system by ensuring that financial services operate within a framework of transparency, accountability, and excellence.

As a trusted partner to financial institutions worldwide, CMRAI provides rigorous supervision, innovative solutions, and strategic guidance to foster a secure and thriving financial environment. With decades of experience and a commitment to global standards, we stand as a pillar of trust and security in an ever-evolving financial landscape.

With a legacy of excellence in financial oversight, the Cayman Monetary Regulatory Authority International (CMRAI) is a beacon of trust in the international financial community. Our role extends beyond regulation; we are innovators, collaborators, and protectors of the global financial ecosystem. By fostering compliance, promoting best practices, and embracing technological advancements, CMRAI ensures that financial services remain resilient and adaptable in a dynamic global market.

Our comprehensive approach to regulation encompasses a deep understanding of financial risks and a proactive stance on emerging challenges. We are committed to empowering financial institutions with the tools and guidance necessary to navigate complex regulatory landscapes, thereby contributing to global economic stability and growth.

 Statement of Guidance Reinsurance Arrangements 1. Statement of Objectives 1.1. To set out the elements of an licensed insurer s strategy to mitigate and diversify risks by the purchase of reinsurance cover, ultimately to ensure that reinsurance arrangements are in place to cover an appropriate level of the insurer s liabilities. 1.2. This guidance applies to all licensed insurers. 1.3. Details of the insurer s reinsurance arrangements form part of the licence application, consequently all changes to reinsurance arrangements must be approved by the Authority, in accordance with section 7(3) of the Insurance Law. 2. Reinsurance Strategy 2.1. The Board of Directors of all insurers should approve a reinsurance strategy, which is appropriate for the company. 2.2. The reinsurance contract should be reviewed both annually and when there have been changes to; a) insurer s circumstances, including a significant growth in the overall exposures, b) its underwriting strategy, or c) the financial health of its reinsurers.

 2.3. The reinsurance strategy should contain and provide details on: a) How reinsurers will be selected, including how to assess the security; b) What collateral, if any, is required at any given time; c) The net risk to be retained; d) The maximum feasible amount of reinsurance protection to be obtained from the reinsurers, which should be determined according to event limits within the treaties and the probable maximum loss limits adopted by the insurer; e) How the reinsurance programme will be maintained i.e. the reporting and internal control systems, to include appropriate oversight of the reinsurance buyer by senior executive board members, and f) A full list of the reinsurers, their rating and the extent of their commitment. 2.4. The policies and procedures for the implementation of the reinsurance strategy should include: a) Underwriting guidelines that specify the types of insurance to be underwritten, the reinsurance policy terms and conditions, and aggregate exposure by type of business; b) Risk and cession limits on the amount and type of insurance that will be automatically covered by treaty reinsurance; and c) The criteria for acquiring facultative reinsurance cover. 2.5. Limits on the net risk to be retained should be set per line of business and/or for the whole account. Limits may be set per risk or per event or a combination thereof. Limits must be based on an evaluation of the risk profile and the cost of the reinsurance. The insurer must have adequate capital to support the risk retained.

 2.6. Insurers should seek to select reinsurers that have a proven track record of being willing and able to meet their obligations as they fall due. 2.7. The insurer s internal control systems should be established and maintained to report claims timeously to the appropriate reinsurer and to promptly collect reinsurance claims payments.