



May 17, 2024

Rachel Hemphill,
Chair, NAIC Life Actuarial (A) Task Force (LATF)

Dear Chair Hemphill:

Thank you for the opportunity to submit comments on the Life Actuarial (E) Task Force (LATF) exposure related to asset adequacy analysis for reinsurance ceded by life insurers. I write as a representative of the Cayman International Reinsurance Companies Association (CIRCA). CIRCA is the industry group for commercial reinsurers located in the Cayman Islands, dedicated to fostering the industry through peer interaction, advocacy and education on topics impacting the regulatory and business environment.

Due to the complex nature of reinsurance transactions, CIRCA would like to specifically address LATF's request for information on materiality and scope. On behalf of our member companies that reinsure life and annuity business from U.S. domiciled ceding companies, the following addresses the discussion of requiring, under certain conditions, ceding companies to conduct asset adequacy testing in isolation on blocks of life and annuity business ceded to offshore reinsurance companies.

All life and annuity reinsurance agreements between U.S.-based ceding companies and our current member companies (Cayman Islands licensed reinsurers) are fully collateralized at U.S. statutory reserve levels. The assets providing this collateral are held in the U.S. in qualifying reserve credit trusts or in custodial accounts by the ceding company and carried on the ceding company's balance sheet.

Each Cayman Islands licensed life and annuity reinsurer files an annual Actuarial Valuation Report with the Cayman Islands Monetary Authority (CIMA). The Actuarial Valuation Report is compliant with the requirements of the International Association of Insurance Supervisors (IAIS), of which, CIMA is a founding member.

CIRCA appreciates the opportunity to provide this additional context on relevant transactions of our members. We would welcome the opportunity to discuss further the level of materiality of risk of such transactions.

Sincerely,

David Self

Chair of Board of Directors
Cayman International Reinsurance Company Association

Cc: Greg Mitchell, Vice Chair, CIRCA Board
Sehli Dube, Chair, CIRCA Regulatory Committee
Rachel Funk, Vice Chair, CIRCA Regulatory Committee