November 3, 2026

John F. Rehagen, Chair
Monica Macaluso, Vice Chair
Mutual Recognition of Jurisdictions (E) Working Group
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1000
Kansas City, MO 64106-2197

Via email: Jake Stultz and Dan Schelp, NAIC staff

Re: CIRCA Letter of Support for the Cayman Islands' Application for Recognition as a Qualified Jurisdiction

Dear Chair Rehagen, Vice Chair Macaluso and Members of the Working Group:

On behalf of the Cayman International Reinsurance Companies Association (CIRCA), we write in strong support of the application submitted by the Cayman Islands Monetary Authority (CIMA), with the support of the Government of the Cayman Islands, for recognition as a Qualified Jurisdiction under the NAIC Credit for Reinsurance Model Law (#785) and Model Regulation (#786). We respectfully urge the Working Group to proceed with its evaluation and, upon completion, to recommend the Cayman Islands for inclusion on the NAIC List of Qualified Jurisdictions.

Why the Cayman Islands Meets the Qualified Jurisdiction Standard

In CIRCA's view, the Cayman Islands satisfies the Qualified Jurisdiction standard not only through its statutory framework, but through the demonstrated effectiveness of the Cayman Islands Monetary Authority's ("CIMA") supervision. Cayman Islands reinsurers operate within a regime characterized by:

- Risk-based prudential supervision and routine on-site inspections;
- Robust governance, internal control and risk management requirements;
- Independent actuarial valuation and peer-review requirements;
- Significant minimum capital requirements and supervisory intervention powers;
- Active cooperation and information sharing with U.S. state insurance regulators, including an MOU with the NAIC and a Statement of Cooperation with the Federal Insurance Office;
- A demonstrated willingness by CIMA to intervene where solvency, governance or compliance concerns arise; and

- Regulatory requirements for reserving, collateral, accounting and risk measurement practices by reinsurers serving U.S. cedants.

Importantly, the majority of Cayman Islands reinsurers are established specifically to assume risks from U.S. insurers and therefore operate under ongoing scrutiny from both CIMA and U.S. insurance regulators. The resulting supervisory framework is complementary to, rather than a substitute for, U.S. regulatory oversight. Qualified Jurisdiction status would not displace that oversight: cessions to Cayman Islands reinsurers would remain subject to the ceding insurer's own state requirements, including credit-for-reinsurance rules, Schedule F and Schedule S reporting and, for life and annuity business, Actuarial Guideline LV asset adequacy testing. Cayman Islands life and annuity reinsurers also commonly fully collateralize their obligations at U.S. statutory reserve levels, through trusts, funds withheld or modified coinsurance, with assets held in the United States. We expect that practice to continue after recognition.

Background

CIRCA was formed in 2020 to represent commercial reinsurers licensed by CIMA with operations in the jurisdiction. Our members write life, annuity, and property and casualty reinsurance, the large majority of which is ceded by U.S. insurers. We have a direct interest in a supervisory relationship between CIMA and U.S. state regulators that is transparent, cooperative and grounded in shared standards.

Under Section III.5 of the NAIC's *Process for Evaluating Qualified and Reciprocal Jurisdictions* (the "Process"), the NAIC must "reasonably conclude that the jurisdiction's reinsurance supervisory system achieves a level of effectiveness in financial solvency regulation that is deemed acceptable for purposes of reinsurance collateral reduction." Section II.3 makes clear that this is "an outcomes-based comparison" and "not intended as a prescriptive comparison." Measured against that standard, we believe the Cayman Islands meets each of the seven evaluation criteria in Section IV of the Process. For each criterion below, we set the Process requirement beside the relevant Cayman Islands statutory provisions, CIMA regulatory measures, and supervisory practices under which our members are licensed and supervised.

We recognize that CIMA and the Government will provide the Working Group with a comprehensive legal and regulatory record directly through the application process: the laws, regulations, rules and supervisory procedures, statements of guidance, and CIMA's responses to Appendices A and B. We do not seek to duplicate that submission. Our purpose is to offer a perspective of a regulated industry, a perspective that the application cannot. CIRCA's members are licensed, capitalized, examined and, where necessary, corrected under this framework continuously. The references below are offered to demonstrate that Cayman Islands' requirements are not simply written down on paper, but rather they are understood, applied to and observed by the reinsurers that CIMA supervises, many of which reinsure U.S. ceding insurers. We also reflect on CIMA's regulatory framework as it pertains to both the Property Casualty, and Life and Annuity sectors, as our membership is representative of both. The Government has proposed a phased application beginning with property and casualty. We support this approach as a measured way for the Working Group to evaluate the jurisdiction.

A. Laws and Regulations

Section IV.A of the Process asks the NAIC to "evaluate whether the jurisdiction has sufficient authority to regulate the solvency of its reinsurers in an effective manner," with detailed criteria in Appendix A. Cayman Islands

reinsurers are governed by the *Insurance Act* (the "IA"), the *Insurance (Capital and Solvency) (Classes B, C and D Insurers) Regulations* (the "Capital Regulations") and binding CIMA Rules. CIMA's scope of Authority is established by the *Monetary Authority Act* (the "MAA"). The table below provides further details on the applicable laws and regulations:

Appendix A item	Cayman Islands Law, Regulation or Rule
A.1 Examination Authority	IA s.22(1)(b) requires CIMA to supervise licensees "by way of scrutiny of regular returns, on-site inspections or auditors' reports." CIMA may access all "books, records, vouchers, documents, cash and securities" (IA s.22(2)(a)), appoint an examiner at the licensee's expense (IA s.22(4)), and extend these powers to "any member of the licensee's insurance group" (IA s.22(5)). The MAA s.6(1)(b) establishes the principal function of CIMA as its regulatory function, and fundamental to its ability to execute its regulatory function is its ability to perform ongoing monitoring including but not limited to conducting onsite inspections. During these inspections CIMA provides an objective evaluation of the soundness of regulated entities and their management of risks.
A.2 Capital and Surplus Requirement	A Class D reinsurer must maintain capital in accordance with prescribed capital requirements (IA s8(2)(c) and a margin of solvency in accordance with prescribed solvency requirements (IA 8(2)(a). The Capital Regulations Schedule 1 sets out the minimum capital for a Class D reinsurer at US$50,000,000. The prescribed capital requirement (the "PCR") charges 15% of net written premium, 10% of non-life and 5% of life reserves, 0–35% across eight asset classes, 5% of unearned premium reserve, and "20% of a 1 in 100-year CAT event." Capital Regulations s. 8 empowers CIMA to require "a higher level of capital based on risk factors specific to" the reinsurer. Reinsurers may also use an internal capital model "subject to the approval of the Authority" (Capital Regulations s. 5(2)). The model must be calibrated to a "VaR metric subject to a confidence level of 99.5%… over a one-year time horizon" (*SOG – Internal Capital Model*, para. 5.1). It must be supported by "a formal independent validation report" (para. 7.14) and formally approved by the board (para. 9.1). Approval of an internal capital model requires comprehensive documentation, board approval, independent validation, ongoing performance monitoring and regulatory review. CIMA's ability to challenge assumptions, methodologies, stress testing scenarios and model outputs provides an additional layer of prudential oversight beyond formulaic capital requirements.

Appendix A item	Cayman Islands Law, Regulation or Rule
	Cayman Islands reinsurers typically reserve on a U.S. GAAP or U.S. statutory basis.
A.3 Accounting Practices and Procedures	IA s.9(1)(a) requires audited financial statements prepared in accordance with internationally recognized accounting standards, and IA s.9(4) requires the statements to disclose the standards applied. In practice most of our members report under U.S. GAAP. Some are approved to use NAIC statutory accounting, and a small number use IFRS.
A.4 Corrective action	Capital Regulations s.9 sets an intervention ladder. Below the PCR, the reinsurer "shall meet with the Authority and present a remedial action plan". Below the minimum, CIMA may use its full enforcement powers. IA s.23(1) also empowers CIMA to direct a licensee to cease any unsafe or unsound practice. The MAA s. 42A (1) empowers CIMA to impose fines for breaches of regulatory law.
A.5 Regulation and Valuation of Investments	The *Rule – Investment Activities of Insurers* (2022) s. 6.4 requires an insurer to submit their investment policy to the Authority for approval. The policy must set "minimum and maximum limits on asset allocation by… counterparties… credit quality" and insurers must "look through the structure of the investments to the underlying assets". Class D applicants must also set out their limits on CLO tranches, ABS and affiliated investments (*Regulatory Policy – Licensing for Class D Insurers)*. The insurer must also keep adequate documentation of all investments, "including the use of pricing and valuation methodologies" (*Investment Rule*, para. 6.9.3), and the *Statement of Guidance – Investment Activities of Insurers* sets out CIMA's expectations on the security, liquidity, diversification and risk management of investments (paras. 6.1, 6.4, 6.6 and 6.12).
A.6 Holding Company Systems	Under the IA s. 12(1) shares of the insurer above 10% "shall not be transferred or disposed of in any manner, without the prior approval of the Authority" and IA s8(1)(a) requires any change to the approved business plan to be submitted for approval. CIMA will not grant a license unless it is satisfied that the structure of the applicant's insurance group "will not hinder effective supervision" (IA s.4(5)(e)). Insurance Group Notifications (IA s8(2)(e): A member of an insurance group must inform CIMA of activity or transactions undertaken or proposed by another group member that could reasonably be expected to have a material effect on the insurer. CIMA's *Regulatory Policy – Consolidated Supervision* (November 2023) sets out when CIMA acts as home or host supervisor and

Appendix A item	Cayman Islands Law, Regulation or Rule
	the parent financial statements and other group information it may request (paras. 6.10–6.17). CIMA's examination and access powers may be applied to activities or transactions of any member of the licensee's insurance group IA s 22(5).
A.7 Risk management	The *Rule – Risk Management for Insurers* requires insurers to "establish, implement, and maintain a documented risk management framework", with stress tests and scenario analysis. The IA s.8(2)(b) also requires an insurer to "maintain adequate arrangements for the management of risks, including the reinsurance thereof where appropriate". The *Rule – Corporate Governance for Regulated Entities*, provides that the board of the insurer is responsible for "effective, prudent and ethical oversight". CIMA licenses an insurer only if its directors, managers and officers are fit and proper (IA s.4(5)(a); see B.5) and may require the substitution or removal of any who are not (IA s.24(1)(g) and (2)(f)). The IA s. 8(1) requires licensees to obtain prior written approval for any change to the approved business plan or the information supplied in the application for license - this includes changes in ownership, directors, officers, managers, auditors (see also *Regulatory Procedure - Approval and Notification of Changes Class B, C and D insurers and Portfolio Insurance Companies).*
A.8 Liabilities and reserves	The IA s. 9(1)(b) requires each annual return to include "an actuarial valuation… certified by an actuary approved by the Authority"). Under the *Rule – Actuarial Valuations* (2019), "a peer reviewing actuary must also be nominated" and "a set of stringent stress tests must be applied".
A.9 Reinsurance Ceded	The *Rule and SOG on Reinsurance Arrangements* states that details of the Insurer's reinsurance arrangements form part of the requirement for an application and ongoing capital and risk management of the insurer in accordance with IA s. 8(2)(b). Reinsurance includes retrocession per the definitions and the Rule notes requirements for board approval, annual reviews, liquidity risk, risk transfer and concentration risks of reinsurance arrangements.
A.10 Independent audits	The IA s. 9(1)(a) requires audited financial statements "by an independent auditor approved by the Authority" are due within six months of year end. Auditors must "immediately give the Authority written notice" of solvency concerns (IA s.20(1)), and Class D reinsurers "shall publish" their audited financial statements (IA s.9(4)(a)). CIMA's *Regulatory Policy – Approval of an Auditor for a Regulated Entity* (June 2026) takes effect on 1 January 2027 and sets criteria on independence, competence, resources, quality management

Appendix A item	Cayman Islands Law, Regulation or Rule
	and professional indemnity insurance. Auditors must also be licensed by the Cayman Islands Institute of Professional Accountants. An auditor reporting in good faith is protected from civil liability (IA s.20(6)).
A.11 Receivership	CIMA may "appoint a receiver or person to assume control of the licensee's affairs" (IA s.24(2)(h)), revoke the license (IA s.24(2)(c)), apply to the Grand Court for winding up (IA s.24(5)(e)), and obtain ex parte asset-preservation orders (IA s.26). A U.S. cedant's claim ranks equally with those of Cayman Islands and other cedants. The Companies Act provides for equal (pari passu) distribution (s.140), allows proof of future and contingent claims (s.139), limits preferential debts to specified employee, bank-deposit and government claims (s.141 and Schedule 2), and lets secured creditors enforce their security without leave of the court (s.142(1)). In *Cleaver v Delta American Reinsurance Co* [2001] UKPC 6, a Cayman Islands appeal, the Privy Council held that letter-of-credit proceeds drawn by a U.S. insurance liquidator were not part of the Cayman Islands estate. The Walkers (Cayman) LLP letter sets out the full analysis.
A.12 Filings with Supervisory Authority	Each insurer files an annual return within six months of year end, including audited financial statements and, where applicable, a certified actuarial valuation and solvency certification (IA s.9(1) and (3)), using the standardized reporting framework of the *Insurance (Reporting) Regulations, 2013* and CIMA's prescribed forms. Class D reinsurers (and some Class B(iii) reinsurers) are also required, by license conditions imposed under IA s.4(2), to file quarterly unaudited financial statements, and CIMA has access to books and records at all reasonable times (IA s.22(2)). Class D reinsurers publish their audited financial statements (IA s.9(4)(a)), and Class B(iii) reinsurers make them available to insureds and third-party beneficiaries on request (IA s.9(4)(b)).
A. 13 Reinsurance Intermediaries	The *Rule and SOG on Reinsurance Arrangements* refers to due diligence on insurance brokers, and the *Rule on Professional Qualification Requirements for Insurance Companies, Brokers, Agents and Agencies* includes requirements for insurance brokers who arrange or procure insurance or reinsurance contracts. Further regulations governing reinsurance intermediaries are currently under development.
A.14 Other Regulatory Requirements with respect to Reinsurers	Physical Presence Requirements (IA s4(6): A Class D reinsurer must have a place of business in the Cayman Islands. Resources and Records (IA s8(1)(c): A licensee required to have a Cayman place of business must maintain resources, including staff, facilities, books

Appendix A item	Cayman Islands Law, Regulation or Rule
	and records, that CIMA considers appropriate to the nature and scale of the business. Business Plan Change (IA s8(1)(a): Business must be conducted in accordance with the approved licence application and business plan. Prior written CIMA approval is required for changes to the approved business plan or information supplied in the application. Structural Changes (IA s8(1)(b): Prior CIMA approval is required before opening an overseas subsidiary, branch, agency or representative office or changing the licensee's name. Service of Process (IA s8(2)(d): At least one Cayman resident person approved by CIMA must be authorized to accept legal process and required notices. Directions: Unsafe / unsound practices (IA s23): CIMA may direct a licensee to cease or refrain from unsafe or unsound practices and require remedial action. Regulatory Intervention (IA s24): CIMA may require remediation, suspend/revoke licences, impose conditions, remove directors/managers/officers, appoint advisers or controllers and take other specified actions. False / misleading information (IA s37-38): The Law prohibits knowingly/wilfully supplying false or misleading information to CIMA and knowingly making misleading representations concerning insurance business.

Two features give CIMA early and independent warning. (i) A second, CIMA-approved peer-review actuary reviews each actuarial valuation and must formally communicate the key steps taken to CIMA (*Rule – Actuarial Valuations*, paras. 6.10 and 8.3), and the appointed actuary has direct access to the reinsurer's board (*Rule – Corporate Governance for Regulated Entities*, para. 5.8.1(c)); (ii) An auditor must notify CIMA immediately, in writing, of any information or suspicion that a licensee may be unable to meet its obligations (IA s.20(1)) and is protected from civil liability when acting in good faith (IA s.20(6)). CIMA also approves each auditor and can withdraw that approval (IA s.20(4)).

B. Regulatory Practices and Procedures

Section IV.B of the Process asks, "whether the jurisdiction effectively employs baseline regulatory practices and procedures to supplement and support enforcement of the jurisdiction's financial solvency laws," and states that the evaluation "is not intended to be prescriptive in nature." Practical implementation of the procedures is applied to our members through the following areas:

Appendix B item	CIMA practice or procedure
B.1 Financial Analysis	Annual audited statements and certified actuarial valuations (IA s.9). Class D reinsurers also file quarterly unaudited management accounts under license conditions imposed under IA s.4(2). Stress testing is required under the *Rule – Risk Management for Insurers* (para. 5.3.2) and the *Rule – Actuarial Valuations* (para. 8.30), and capital models must include stress and scenario testing (*SOG – Internal Capital Model*, s.6). The Premier of the Cayman Islands has confirmed proposed amendments to the Public Authorities Act to raise legislated salary bands, along with additional budget to enable CIMA to supplement its ranks. In April 2026 Cabinet approved draft legislation allowing CIMA to set salaries outside the civil service pay scale, so it can recruit and retain specialist actuarial and supervisory staff.[1] The Cayman Islands Government is also introducing changes to procurement laws to facilitate CIMA's access to consultants, advisors and secondments of individuals with specialised skills as needed.
B.2 Financial Examinations	CIMA takes a risk-based approach in determining the scope, frequency and focus of on-site and off-site supervision. The frequency of on-site inspections increases commensurate with the risk profile of the licensee. In practice, a new commercial reinsurance company is usually subject to its first examination by CIMA within 12-36 months post licensing. CIMA's June 2025 *Regulatory Handbook* provides a guide to CIMA's supervisory approach and notes that off-site monitoring is complemented by on-site inspections and is an integral part of the supervisory process. While the on-site work is conducted at intervals, the off-site monitoring process is continuous. Off-site supervision may be supplemented with meetings with the licensee which generally cover strategic initiatives, adherence to acts and international standards/principles, and discussions of financial information. Depth of Supervisory Reviews: As part of both routine supervisory engagement and thematic reviews, CIMA's examinations extend beyond compliance testing and include assessments of: • Board and committee effectiveness; • Corporate governance practices; • Internal control frameworks; • Risk management systems; • Capital management and internal capital models; • Investment risk management; Internal and external audit findings; • Financial accounting and reporting processes; • Actuarial valuation reports and reserving methodologies;

[1] Conyers ReConnect 2026 – Key Takeaways (April 2026)

Appendix B item	CIMA practice or procedure
	• Stress testing and scenario analysis. The breadth of these reviews compares positively with prudential supervisory practices employed by leading insurance regulatory frameworks globally. CIMA's examination reports are well defined, detailed and clearly articulate the issues that have been identified. The reports cite the sections of the laws, regulations or regulatory framework that have been breached and/or are out of compliance, assign a priority rating to each finding, mandate a remediation plan for each finding, attribute a defined timeline for remediation, and CIMA then closely monitors remediation (including through monthly reports) until all matters are remediated satisfactorily. Supervisory Effectiveness: In summary, supervisory findings are tracked for remediation, and licensees are expected to demonstrate timely corrective action. This supervisory approach promotes strong governance, financial resilience and accountability throughout the sector. CIMA's June 2026 *Thematic Review of Reinsurance Companies*, which examined Class B(iii) and Class D reinsurers covering mid-2025 to early 2026, classified overall findings by area (corporate governance 68%, stress testing 14%, cashflow testing 9%, capital and collateral adequacy 9%) and followed up with each scoped entity on remediation.
B.3 Information Sharing	See Section D below.
B.4 Procedures for Troubled Reinsurers	The capital ladder in Capital Regulations s. 9 and the provisions of IA s. 24 include the requirements used in practice for solvency monitoring. Breaching the PCR is a "very serious" breach under CIMA's March 2026 *Enforcement Manual*, carrying administrative fines of up to CI$1,000,000 for a body corporate (MAA s.42B).
B.5 Organization, Licensing and Change of Control of Reinsurers	A license is granted only if directors and managers are "fit and proper" (IA s.4(5)), judged on "honesty, integrity and reputation; competence and capability; and financial soundness" (IA s.2(2)(a)). Class D applicants file a full business plan, including "details of security requirements, including trusts, letters of credit or funds withheld" (*Licencing Policy*, para. 7.10.2(o)). Under the IA s. 12(1) shares of the insurer above 10% "shall not be transferred or disposed of in any manner, without the prior approval of the Authority"

C. Requirements Applicable to U.S.-Domiciled Reinsurers

Section IV.C of the Process asks the jurisdiction "to describe and explain the rights, benefits and the extent of reciprocal recognition afforded by the non-U.S. supervisory authority to reinsurers licensed and domiciled in the U.S."

A U.S. reinsurer does not need to establish or maintain a Cayman Islands license or local presence merely because it reinsures a Cayman Islands insurer, unless its principal place of business is in the Cayman Islands (IA s.3(3)). The Cayman Islands' capital rules do not discriminate by the reinsurer's domicile. The Capital Regulations Schedule 1 gives Cayman Islands cedants capital credit for business ceded to "highly rated" reinsurers at 90%, rising to 95% where the cession is secured by CIMA-approved collateral and 100% where it is secured by letter of credit. Under the *Rule and SOG – Reinsurance Arrangements* (May 2023), cedants assess counterparties on "financial strength rating… jurisdiction" (para. 9.1) and use "Regulated Reinsurers" (para. 7.7).

D. Regulatory Cooperation and Information Sharing

Section IV.D of the Process requires an "explanation of the supervisory authority's ability to cooperate, share information and enter into an MOU with U.S. state insurance regulators," and notes that "both the jurisdiction and the states may rely on the IAIS MMoU to satisfy this requirement." Section III.11.b names the IAIS MMoU as "the recommended method". Our members see the effect of that cooperation in their dealings with both CIMA and U.S. state regulators:

Requirement	Cayman Islands Law, Regulation or Rule
Statutory power to cooperate	Assisting overseas regulators is one of CIMA's statutory functions (MAA s.6(1)(c)). CIMA "may disclose information necessary to enable the overseas regulatory authority to exercise regulatory functions" (MAA s.50(3)) and may permit "an on-site inspection or visit" by that authority (s.50(3)(e)). It may compel licensees to produce information for an overseas regulator (s.34(9)). Disclosure for cross-border supervision is not a breach of confidentiality (s.52).
IAIS MMoU (Process III.11.b)	CIMA signed the IAIS Multilateral MoU on June 17, 2011, as its 16th signatory.[2]
MOUs with U.S. regulators (s.51)	MOU with the NAIC (August 2018). Bilateral MOUs with the insurance departments of Florida, Illinois, North Carolina, Texas, Utah and Washington.[3] Statement of Cooperation with the Federal Insurance Office.

[2] IAIS, Multilateral Memorandum of Understanding – signatories
[3] CIMA, International Agreements

Requirement	Cayman Islands Law, Regulation or Rule
Cooperation in practice	At the April 2025 [Re]Connect conference, Commissioners Glen Mulready (Oklahoma), Nathan Houdek (Wisconsin), Carter Lawrence (Tennessee) and Jon Pike (Utah) joined CIMA on a panel. Oklahoma Commissioner Glen Mulready noted that the Cayman Islands had "continued to reach out and work with us."[4] In our members' experience, CIMA coordinates with the domestic regulator of a U.S. ceding insurer before approving a significant transaction. CIMA has demonstrated effective cross-border supervisory cooperation by notifying and engaging with relevant host regulators before conducting onsite inspections of Cayman Islands regulated reinsurers with operations in other jurisdictions. CIMA assists Overseas Regulatory Authorities, with enquiries as part of its cooperative function, which is a legal responsibility under s 6(1)(c) of the MAA. CIMA has also signed MOUs with the BMA, OSFI, FCA, BaFin, and additional bodies available on the CIMA website.

CIMA has signed the information sharing instrument the Process recommends, and it already has bilateral MOUs with six states. It therefore meets Section IV.D in its entirety.

E. History of Performance of Domestic Reinsurers

Section IV.E of the Process asks for "up to a 10-year history of any regulatory actions taken against specific reinsurers" (item b) and "up to a 10-year history listing any reinsurers that have gone through insolvency proceedings, including the size of each insolvency and a description of the related outcomes" (item c). Item (a) asks for a list of reinsurers with capital and surplus of at least US$250 million.

The Cayman Islands reinsurance sector includes sponsors, investors and insurance groups that are among the most sophisticated participants in the global reinsurance market. Many Cayman Islands reinsurers are affiliated with organizations subject to oversight by U.S. state insurance departments, the Bermuda Monetary Authority, the PRA in the United Kingdom, the Hong Kong Insurance Authority, Central Bank of Ireland, and other leading supervisors. As a result, many firms operate within multiple prudential regimes simultaneously and maintain governance, valuation, risk management and reporting standards consistent with international best practice.

The Cayman Islands reinsurance market has grown steadily under CIMA's supervision. It had 113 licensed reinsurers at the end of 2025, up from 58 at the end of 2020, holding approximately US$101 billion in assets,

[4] Insurance Business, Cayman Islands inches closer to key US reinsurance regulatory status (April 14, 2025)

according to CIMA data. AM Best data show the Cayman Islands' share of U.S. life and annuity reserves ceded to reinsurers rose to 2.3% in 2025, from 2.0% a year earlier.[5]

F. Enforcement of Final U.S. Judgments

Section IV.F of the Process requires "an assessment of the effectiveness of the ability to enforce final U.S. judgments in the jurisdiction." Section II.8 and Model Law #785 §2E(3)(a) provide that a jurisdiction may not qualify if it "does not adequately and promptly enforce final U.S. judgments and arbitration awards."

The Grand Court of the Cayman Islands enforces final U.S. money judgments at common law, without re-examining the merits. A U.S. judgment is enforceable where it is:

1. final and conclusive;
2. for a definite sum of money;
3. given by a court of competent jurisdiction; and
4. not for taxes, a fine or penalty, and not contrary to public policy.[6]

Proceedings may be brought within six years, and the Grand Court has extended enforcement beyond money judgments (*Bandone Sdn Bhd v Sol Properties Inc* [2008] CILR 301). The United Kingdom extended the New York Convention to the Cayman Islands with effect from 24 February 1981, for awards made in another contracting state, including the United States. A U.S. award is therefore enforceable in the Grand Court in the same manner as a domestic award (*Foreign Arbitral Awards Enforcement Act* (1997 Revision), s.5), and enforcement may be refused only on the limited grounds in s.7, which mirror Article V of the Convention. U.S. cedants and receivers therefore have a dependable route to recover against a Cayman Islands reinsurer.

The courts apply these rules in practice. The Privy Council has held that the grounds for refusing to enforce an award are construed narrowly, and that a foreign judgment entitled to recognition cannot be challenged for an error of fact or law (*Gol Linhas Aereas SA v MatlinPatterson Global Opportunities Partners (Cayman) II LP* [2022] UKPC 21). The Grand Court has granted leave to enforce a New York award (*GlobeOp Financial Services LLC v Titan Capital Group III LP* 2014 (1) CILR 412) and an ICC award of about US$1.38 billion made by a tribunal sitting in Minnesota (*ArcelorMittal USA LLC v Essar Steel Ltd*, Grand Court, 2 July 2019). A service-of-suit or consent-to-jurisdiction clause in a reinsurance agreement can establish the reinsurer's submission to the U.S. court that enforcement requires (*IGCF SPV 21 Ltd v Al Jomaih Power Ltd* [2025] UKPC 54), and the Grand Court can freeze assets in support of pending U.S. proceedings (*Grand Court Act*, s.11A).

G. Solvent Schemes of Arrangement

Section IV.G of the Process asks for a "description of any legal framework that allows reinsurers domiciled in the jurisdiction to propose or participate in any solvent scheme of arrangement or similar procedure," and a

[5] Conyers, Cayman Reinsurer Statistics 2025 (April 2026), reporting CIMA data; AM Best, Market Segment Report (August 19, 2026), as reported in IFC Review, Cayman took bigger share of record offshore reinsurance market (August 2026).
[6] Mondaq, Enforcement of Foreign Judgments – Cayman Islands (comparative guide).

"description of any solvent scheme of arrangement… that a domestic reinsurer has proposed or participated in and the outcome."

Safeguard	Cayman Islands Law, Regulation or Rule
Court sanction required	A scheme binds creditors only if sanctioned by the Grand Court (Companies Act s.86).
Double majority for creditors	It must be approved by "a majority in number representing seventy-five per cent in value of the creditors… present and voting" in each class (Companies Act s.86(2)).
Restructuring officer	Available only where a company "is or is likely to become unable to pay its debts" and intends to propose a compromise (Companies Act s.91B(1)). The same 75% value and headcount test applies (Companies Act s.91I(2)).
Cross-border recognition	Whether a Cayman Islands scheme is recognized in the United States is decided by U.S. courts under Chapter 15, which gives U.S. creditors a forum to be heard. Chapter 15 does not permit relief with respect to "any deposit, escrow, trust fund, or other security required or permitted under any applicable State insurance law or regulation for the benefit of claim holders in the United States" (11 U.S.C. §1501(d)).

These safeguards prevent a scheme from cutting off U.S. cedants' claims without due process.

How the Framework Operates in Practice: Illustrative Examples

The examples below show how the most important criteria apply to a Cayman Islands licensee day to day. The companies and figures are hypothetical, but the steps reflect the processes our members go through with CIMA when they raise capital, enter new transactions, change ownership, revise reserves or face financial difficulty. We include them because they show the framework from the side of the regulated entity, which a jurisdiction's own application cannot fully convey.

Example 1: Capital falls below the PCR after a catastrophe (Criteria A.2, A.4, B.4)

"Company A" is a Class D property catastrophe reinsurer that writes mainly for U.S. cedants. Its capital position before a hurricane season is:

Component (Capital Regulations, Schedule 1)	Basis	Charge (US$m)
Premium risk	15% of US$400m net written premium (excluding catastrophe risk)	60
Reserve risk	10% of US$600m gross non-life reserves	60
Asset risk	0–35% by asset class	40
Catastrophe risk	20% of a US$500m 1-in-100 year event and 100% of a US$110m 1-in-10 year event	210
Reinsurance risk	5% of US$100m ceded unearned premium reserve	5
Prescribed capital requirement (PCR)		**375**
Available capital		485 (129% of PCR)

A major hurricane then causes a US$150 million net loss, reducing capital to US$335 million: 89% of the PCR but well above the US$50 million minimum. The framework then operates as follows:

1. **Detection.** Whenever there is a major hurricane, CIMA proactively reaches out to all domestic insurers with outwards catastrophe reinsurance protections in addition to CAT exposed commercial reinsurers to understand the impact of the event to the licensee. CIMA also identifies the shortfall through Company A's regulatory returns and supervisory contact. Company A's auditor also has an independent duty to report concerns about its ability to meet obligations directly to CIMA (IA s.20(1)). In practice, Company A will also inform CIMA of the catastrophe loss as soon as it is able to establish a reserve for the event and recalculate its PCR.
2. **Remedial plan.** Because capital is between the minimum and the PCR, Company A "shall meet with the Authority and present a remedial action plan" (Capital Regulations s. 9(2)). Its plan includes a US$50 million capital contribution from its parent, which restores capital to US$385 million, above the PCR.
3. **Supervisory conditions.** Until capital is restored, CIMA can impose license conditions (IA s.24(2)(e)), such as a bar on dividends or on new business. Under Capital Regulations s. 8 it can also require capital above the formula level if the loss shows the model understated Company A's exposure. CIMA may also require Company A to submit stress-tested PCR.
4. **Escalation.** If the plan fails and capital drops below the minimum, CIMA may use its full powers under IA s.24 and Capital Regulations s. 9(3), up to and including appointing a controller. Failure to maintain the PCR is a "very serious" breach, carrying fines of up to CI$1 million.

For U.S. cedants, the result is similar as under the NAIC RBC framework: a defined trigger, a mandatory plan and escalating regulatory control as capital declines.

Example 2: A new reinsurance transaction with a U.S. annuity writer (Criteria A.5, B.5, D)

"Company B," a Class D reinsurer, agrees to reinsure a US$3 billion block of fixed annuities from a U.S.-domiciled life insurer on a coinsurance basis, with assets held in a U.S. trust. Before the deal closes:

1. **Business plan approval.** Company B needs CIMA's prior written approval for "any change to the approved business plan" (IA s.8(1)(a)). It files the draft treaty and trust agreement, its "security requirements, including trusts, letters of credit or funds withheld" (*Licencing Policy*, para. 7.10.2(o)), and projections for the business.
2. **Investment review.** The assets backing the reinsured liabilities must fit an investment policy approved by CIMA, with limits on asset allocation by counterparty and credit quality (*Investment Rule*, paras. 6.4 and 6.4.6). If the portfolio holds structured credit, Company B must "look through the structure of the investments to the underlying assets" (*Investment Rule* para. 6.3.6) and stay within its approved limits on CLO, ABS and affiliated holdings.
3. **Capital.** The additional reserve and asset risk increases Company B's PCR under Schedule 1 of the Capital Regulations, or flows through its internal capital model where CIMA has approved one (Capital Regulations s. 5(2)). Any material change to an approved model also needs CIMA's approval (IA s.8(1)(a)).
4. **Regulator-to-regulator coordination.** CIMA can share information with the cedant's domestic regulator under the MAA s.50(3) and the IAIS MMoU, or under a bilateral state MOU.
5. **U.S. requirements continue to apply.** The cedant still needs its own regulator's approval where required, and it can take credit for the reinsurance only if Company B's obligations are secured as its state's credit-for-reinsurance law requires, with the cession reported in its Schedule S. It must also include the ceded block in its Actuarial Guideline LV asset adequacy testing.

The transaction is therefore reviewed by two regulators acting on shared information, rather than by the U.S. regulator alone.

Example 3: A private equity sponsor acquires control (Criterion A.6)

An investment fund agrees to buy 60% of "Company C" a Class D life reinsurer. It plans to move part of Company C's portfolio into private credit originated by an affiliated asset manager.

1. **Prior approval.** The shares "shall not be transferred or disposed of in any manner, without the prior approval of the Authority" (IA s.12(1)). The same approval applies to any holding above 10%, so the deal cannot close until CIMA approves it.
2. **Fit-and-proper review.** CIMA examines whether the fund and its principals are "fit and proper persons to have such control or ownership" (IA s.12(2)), judged on "honesty, integrity and reputation; competence and capability; and financial soundness" (IA s.2(2)(a)). It also reviews the proposed directors appointed by the new owner.
3. **Group structure.** CIMA must be satisfied that the new group structure "will not hinder effective supervision" (IA s.4(5)(e)). Its inspection powers extend to "any member of the licensee's insurance group" (IA s.22(5)), including the affiliated asset manager.
4. **Affiliated investments.** The change in investment strategy is a change to the approved business plan (IA s.8(1)(a)). The affiliated private credit must fall within Company C's approved limits on affiliated and

related-party investments, and Company C must look through each structure to the underlying assets (*Investment Rule*, para. 6.3.6).

5. **Consequences of non-compliance.** Closing without approval would breach IA s.12. and CIMA could then use its IA s.24 powers, including license conditions, removal of directors or revocation.

This matches the NAIC's prior-approval model for a change of control (Form A) and its scrutiny of affiliated investments.

Example 4: A reserve deficiency comes to light (Criteria A.8, A.10, D)

"Company D" reinsures variable annuity guarantees for two U.S. cedants. During its annual valuation, the peer-review actuary challenges the appointed actuary's lapse assumptions, which have not kept pace with recent experience. The revised assumptions require US$80 million of additional reserves.

1. **Independent challenge.** The peer-review actuary is required by the *Rule – Actuarial Valuations* (para. 8.3) and must "formally communicate to the Authority the key steps taken" (para. 6.10). The appointed actuary has "direct access to the Governing Body" (*Corporate Governance Rule*, para. 5.8.1(c)), so the board hears the issue directly.
2. **Auditor reporting.** If the auditor doubts Company D's ability to meet its obligations, it "shall immediately give the Authority written notice" (Insurance Act s.20(1)).
3. **Supervisory response.** CIMA can examine Company D's books and appoint an examiner at Company D's expense (IA s.22(2) and (4)). It can direct Company D to strengthen reserves and "perform such acts as… are necessary to remedy" (IA s.23(1)). The higher reserves also raise the PCR and trigger the Capital Regulations s. 9 processes in Example 1 if capital falls short.
4. **Information sharing with U.S. regulators.** CIMA can share its findings with the cedants' domestic regulators so they can assess the reinsurance recoverable (MAA s.50(3)). The recipient must be "subject to adequate legal restrictions on further disclosures" (MAA s.50(8)), and CIMA can permit a U.S. regulator to carry out "an on-site inspection or visit" (MAA s.50(3)(e)).

The reserving problem is caught by two independent checks inside the framework, and the U.S. regulators of the affected cedants can see it early.

Example 5: A reinsurer fails and a U.S. cedant seeks recovery (Criteria A.11, F, G)

"Company E" suffers investment losses that take its capital below the US$50 million minimum. A U.S. cedant holds a US$45 million New York judgment for unpaid claims under its treaty.

1. **Regulatory control.** With capital below the minimum, CIMA can act under its full IA s.24 powers. It appoints a controller to "assume control of the licensee's affairs" (IA s.24(2)(h)) and seeks ex parte orders to preserve Company E's assets (IA s.26).
2. **Liquidation.** If the business cannot be rescued, CIMA revokes the license (IA s.24(2)(c)) and applies to the Grand Court for winding up (IA s.24(5)(e)). The court-appointed liquidators can seek Chapter 15 recognition in the United States, so the estate is administered consistently in both countries.
3. **The cedant's recovery.** The cedant first draws on any collateral held for its benefit in the United States. For the balance, it can enforce its New York judgment in the Grand Court at common law, without the

merits being re-examined, as long as the judgment is final, for a definite sum and from a court of competent jurisdiction. If the treaty required arbitration, it can enforce the award under the New York Convention.

4. **If a scheme is proposed instead.** If Company E' directors propose a scheme of arrangement to restructure its liabilities, the scheme needs "a majority in number representing seventy-five per cent in value" of each class of creditors (Companies Act s.86(2)) and the Grand Court's sanction. The U.S. cedant votes in its class and can object at the sanction hearing. The scheme binds U.S. creditors in the United States only once a U.S. court recognizes it under Chapter 15.

At each stage the U.S. cedant has a defined route to recovery, through U.S. collateral, the Cayman Islands courts and U.S. courts, that does not depend on CIMA's discretion.

Summary

Ultimately, the Qualified Jurisdiction framework is intended to assess whether a jurisdiction's supervisory regime delivers outcomes that provide confidence to regulators, ceding insurers, reinsurers, policyholders and the wider market. In CIRCA's experience, the Cayman Islands meets that standard through a combination of strong governance requirements, robust solvency oversight, independent actuarial review, active supervision, effective enforcement powers, and a demonstrated commitment to regulatory cooperation.

The ultimate objective of insurance supervision is policyholder protection. Several characteristics of the Cayman Islands framework materially support this objective:

- Mandatory capital requirements calibrated to the insurer's risk profile;
- Regulatory authority to require additional capital or other license conditions where warranted;
- Independent actuarial validation and peer review of liabilities;
- Early-warning supervisory mechanisms through inspections, actuarial reporting and ongoing monitoring;
- Formal remediation requirements when capital deteriorates;
- Broad intervention powers, including restrictions on business activities, appointment of controllers and license revocation;
- Extensive collateralization practices for business assumed from U.S. insurers.

Collectively, these measures create multiple layers of protection designed to identify and remediate concerns before they adversely impact cedants or policyholders.

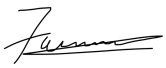
CIMA's oversight extends beyond rule compliance and includes substantive review of governance, internal controls, financial reporting, audit findings, capital adequacy, actuarial valuations, investment risk, and enterprise risk management. These requirements are not merely regulatory standards on paper; they are actively applied through ongoing supervisory engagement, inspections, thematic reviews, challenge, and remediation.

In addition, the Cayman Islands has established the legal, regulatory and judicial framework contemplated by the NAIC's process for evaluating Qualified Jurisdictions. CIRCA's members can attest that they operate effectively in practice, as we are subject to the ongoing supervisory engagement, review, challenge and oversight that underpin the framework. Recognition as a Qualified Jurisdiction would further strengthen cooperation between CIMA and U.S. state insurance departments while providing U.S. ceding insurers access to a wider panel

of well-capitalized, well-supervised reinsurance capacity. For these reasons, CIRCA respectfully urges the Working Group to recommend the Cayman Islands for inclusion on the NAIC List of Qualified Jurisdictions.

CIRCA and its members would welcome the opportunity to provide further information or to meet with the Working Group. CIRCA consents to this letter being made public.

Respectfully submitted,



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