

CAYMAN ISLANDS.
CLEARLY BETTER BUSINESS.

CAYMAN INNOVATION: ILS & REINSURANCE DEVELOPMENTS



WITH YOU TODAY



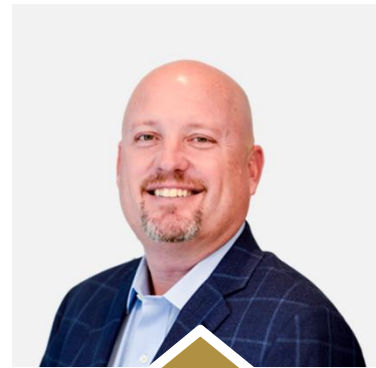
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REINSURANCE DEVELOPMENTS: CIMA'S PERSPECTIVE



Scale

840 insurance licensees (137 B iii) licensees, 25 Class C, 3 Class D)



Flexible & proportionate regulatory framework

Facilitates all sizes and complexities.



Expertize

Familiarity with sophisticated financial instruments and structure



Global participation

Direct and active involvement in the standard setting process. e.g. member of the IAIS Reinsurance Taskforce



Growth

Encouraging trends in new reinsurance company formations

ANNUITY & LONGEVITY RISK . AUREUM RE CASE STUDY



Overview / strategy

- “ 3rd Class D reinsurance company in Cayman. Launched in 2017.
- “ Reinsurance of fixed and indexed annuities (currently \$3bn assumed reserves).
- “ Assets held in trust to ensure reserve credit for the cedent.
- “ Provide capacity to US life insurance companies looking for diversification and to reduce capital strain.
- “ Seek to generate a return by managing asset / liability duration risk and earning a spread on the investment yield vs cost of funds.



Why Cayman?

- “ Cayman is becoming a center of excellence for life and annuity reinsurance & pension risk transfer.
- “ Solvency II . Cayman has not sought equivalency which brings efficiencies to reinsurance with a U.S. focus.
- “ Acceptance of risk based capital (RBC) and statutory accounting by CIMA (aligns to U.S. ceding companies).
- “ Transparency and communication with the regulator (CIMA).
- “ Quality of infrastructure, service providers & talent pool and
- “ What a lifestyle ..

ILS . WHAT ARE CAT BONDS?

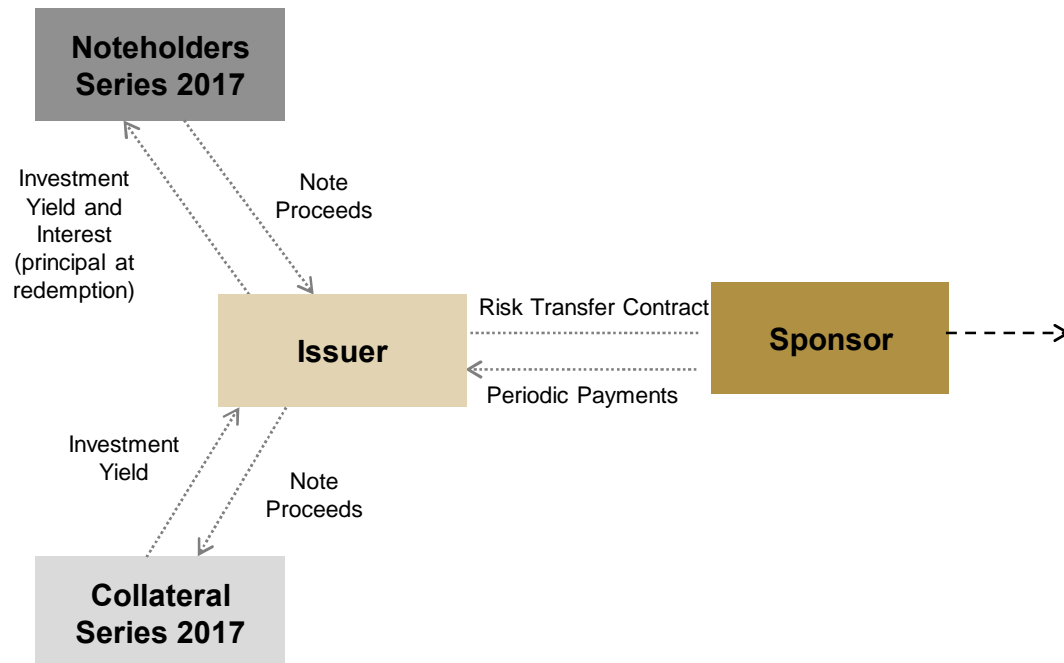
Transfer of cat risks to the capital markets:

- “ Typical loss transferred is the occurrence of a large catastrophic event
- “ Investors receive a quarterly coupon for assuming the cat risk
- “ If a catastrophic event occurs and losses exceed the threshold, a cat bond investor could suffer a partial or full loss of interest and principal

Most issuances are 3 to 5 years in maturity
Issuance sizes typically range from \$50 million to \$500 million

Commonly Covered Perils	Alternative Perils
“ U.S. Hurricane	“ Mexico Hurricane/Earthquake
“ U.S. Earthquake	“ Latin America Earthquake
“ Europe Wind	“ Turkey Earthquake
“ Japan Earthquake	“ Australia Earthquake/Cyclone
“ Japan Typhoon	“ U.S. Severe Thunderstorm

TYPICAL CAT BOND STRUCTURE



QUESTIONS



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THANK YOU

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