



CAYMAN ISLANDS

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Fact Sheet/Backgrounder – Insurance Assessment
INTERNATIONAL MONETARY FUND ASSESSMENT OF THE SUPERVISION
AND REGULATION OF THE FINANCIAL SECTOR IN THE CAYMAN ISLANDS

- Based on 17 *Core Principles* developed by the International Association of Insurance Supervisors (IAIS).
 - ~ Established in 1994, the IAIS represents insurance supervisory authorities of some 180 jurisdictions in more than 120 countries, constituting 97 per cent of the world’s insurance premiums. It was formed to:
 - Promote cooperation among insurance regulators
 - Set international standards for insurance supervision
 - Provide training to members
 - Coordinate work with regulators in the other financial sectors and international financial institutions
- Of the 17 core principles, the IMF assessed 11 as “observed” or “largely observed” and “materially non-observed” for six. The latter assessments were based on either a lack of staff or a lack of documentation of existing rules or practices. The assessors made the following comment as part of their evaluation. *“The shortage of resources for insurance supervisory functions is almost universal, and CIMA is certainly not unique in this respect.”*
 - ~ A five point rating scale for each of the principles was used:
 - Observed – all criteria are met without any significant deficiencies
 - Largely observed – minor shortcomings, but not sufficient enough to raise doubts about the authority’s ability to achieve the objective of a given principle
 - Materially non-observed – shortcoming is sufficient to raise doubts about the authority’s ability to achieve compliance
 - Non-observed – major and material shortcomings are found in adhering with the assessment criteria
 - Not applicable – a principle deemed by the assessors to not have relevance

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- Evaluation involved a qualitative on-site and off-site analysis by expert assessors based on the following information:
 - ~ Discussions with the Insurance Supervision Division of the Cayman Islands Monetary Authority (CIMA)
 - ~ Discussions with representatives from domestic insurance companies
 - ~ Discussions with representatives from the Insurance Managers Association of Cayman
 - ~ Discussions with an auditor and consulting actuary
 - ~ Review of the Insurance Law (2003 Revision)
 - ~ Review of the Monetary Authority Law (2003 Revision)
 - ~ Review of CIMA's materials used to supervise the industry (manuals, guidebooks, etc.)
 - ~ Review of the report titled, *Financial Regulation in the Caribbean Overseas Territories and Bermuda*, jointly commissioned by the UK and overseas territories governments in October 2000 and completed by KPMG, as well as other private sector reports

- The IMF assessor was Mr. D. N. Davies of the IMF

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