WHITE PAPER

Life and Health Reinsurance at a Crossroads:

Choosing Between Risk Partnership and Asset Management—or Embracing Both?

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By Yamin Groeninger, Gary Huang, and Steven Chen

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Executive Summary

The global **life and health (L&H)** reinsurance market is undergoing massive change as traditional services give way to a booming landscape centered on financial solutions and **asset-intensive business (AIB)**. It's no longer about mortality curves and morbidity tables—it's about who can help insurers rewrite their balance sheets, and improve total shareholder return.

For centuries, reinsurers were trusted to offload biometric risks—the actuarial risks tied to mortality, longevity, and morbidity—for their clients. Today, especially in mature markets, clients are no longer seeking risk knowledge alone. They need partners who can:

- Optimize capital,
- Boost solvency,
- Improve investment returns, and
- Navigate regulatory/business opportunities and challenges.

The new breed of reinsurer isn't just underwriting risk—they're engineering financial resilience. In this newly defined, multi-hundred-billion-dollar reinsurance market, two battlegrounds have emerged beyond traditional biometric risk transfer:

- **Financial solutions** are customized capital strategies, that blend actuarial biometric and financial risks. These structured solutions help life insurers free up capital, deliver innovative products, and enhance shareholder returns.
- **Asset Intensive Business** involves reinsurers assuming both ceded liabilities and the assets backing them—turning capital-draining products such as annuities into engines of investment yield and balance sheet strength.

The good news for traditional reinsurers is that this paradigm shift depends heavily on the maturity and social welfare structure of primary insurance market—a factor that varies significantly across markets. This leaves ample opportunity for traditional reinsurance models to remain relevant. The not-so-good news is that even in less advanced markets, many cedents are global players seeking cross-border solutions that combine traditional biometric risk transfer with financial risk absorption.

The extent of the transformation is evident in the massive shift in business that is taking place, as just over one-fifth of a total **$554 billion** in L&H ceded premiums in 2022 went to traditional reinsurers, while the rest—**$434 billion**—went to sophisticated captive reinsurers and aggressive newer competitors, such as private equity (PE) and PE-backed reinsurers, that specialize in advanced financial solutions.

What is at Stake? – The Relevance of Traditional Reinsurance

The transformation is more than just a shift in direction for the global industry. The new reinsurance sector is changing from a traditional risk-transfer model to one that combines asset and risk management. Players are split into two parts:

- On one side, capital-smart, tech-savvy, client embedded reinsurers
- On the other side, legacy shops with slick pitch decks and shrinking influence.

One group will shape how capital flows through the insurance ecosystem. The other will be relegated to niche roles or absorbed in consolidation.

If your reinsurance strategy still looks like it did in 2018, you're already a decade behind the market—and five years behind your next client.

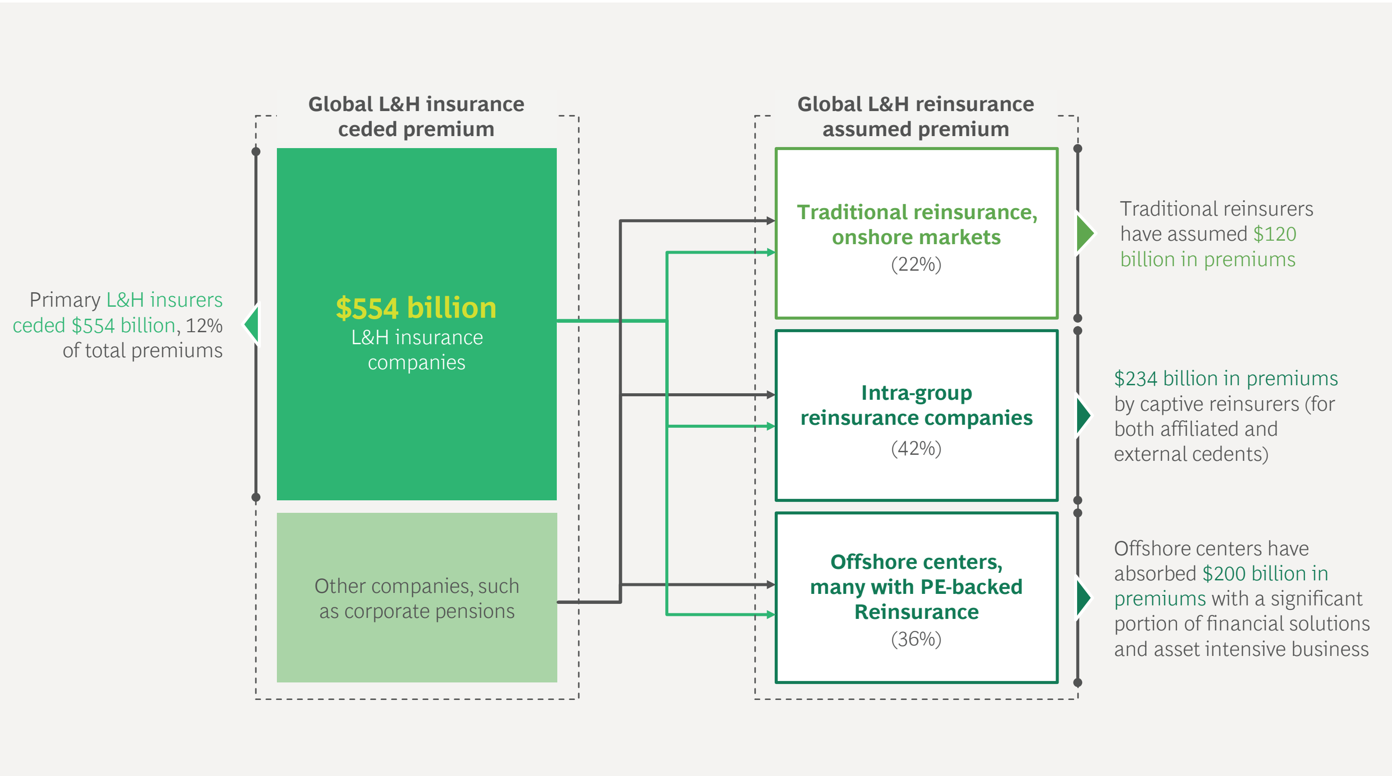
Introduction

The reinsurance sector's traditional role as a transfer mechanism for biometric risks is being fundamentally reshaped as life insurers, facing growth constraints and a need for higher investment returns, increasingly seek help in dealing with a range of financial stability and capital management challenges.

The new breed of reinsurer is not just underwriting risk; they are engineering financial resilience.

The competitive shakeout is already well underway. In 2022, primary L&H insurers ceded **$554 billion** in premiums, globally representing an average cession rate of 12%. Sounds normal, right? But here is the catch: only **$120 billion**, or 22% of the total ceded premium, went to traditional reinsurers. The lion's share, **$434 billion**, went partially to captive reinsurers or primary insurers' reinsurance divisions (a clear signal that cedents are becoming more technically sophisticated and require less underwriting support from reinsurers) and partially to newer competitors such as PE-backed reinsurers that are especially agile and aggressive. The new competitors are not just taking market share; they are redrawing the boundaries of the business. (See Exhibit 1.)

Exhibit 1 - Redefined Boundaries of L&H Reinsurance Business



Source: AXCO, Ambest, GlobalData, expert interviews, BCG analysis

In the redefined L&H reinsurance landscape, two key battlegrounds are emerging as determinants of market leadership: financial solutions and AIB.

Financial Solutions: Enhancing Flexibility and Stability

Reinsurance-based financial solutions offer a spectrum of risk-transfer and financing solutions that deliver capital flexibility, liquidity, and earnings stability. These solutions address the following three core client needs:

- **Solvency Relief.** By assuming a portion of reserves and associated risks, reinsurers help insurers reduce required capital under regulatory regimes. This enables insurers to optimize capital structure, improve financial efficiency, and meet solvency requirements more effectively.
- **Buffer against shocks.** Financial solutions help mitigate the impact of market volatility or an adverse claims experience. Reinsurers can absorb losses beyond predefined thresholds, acting as a buffer against shocks. They also support risk management for exposure to complex assets such as PE or real estate.
- **New Business Financing.** Reinsurers provide capital support for launching new products and/or entering new markets, often in exchange for a share of future profits. This includes funding for product development or acquisitions, along with strategic collaboration in growth initiatives.
- **Securitization.** Reinsurers help insurers unlock long-term value by securitizing life insurance portfolios. Predictable blocks of business are packaged into securities and sold to investors, providing insurers with immediate liquidity, capital relief, and improved balance sheet efficiency, all while meeting regulatory standards.

AIB: Redefining Reinsurance Economics

AIB transactions involve the transfer of both insurance liabilities and the underlying assets, particularly for capitalintensive products such as annuities and universal life with minimum interest rate guarantees. The goal is to optimize returns and mitigate balance sheet risk. It comes mainly in the form of structured transactions, which are customized deals that allow insurers to offload long duration, asset intensive liabilities (and the associated assets) to reinsurers. These transactions could help release capital strain and improve return on equities.

A Sector at a Crossroads: The Shift from Risk Transfer to Capital Management

These shifts are pulling reinsurers into unfamiliar and highly complex financial territory. Firms traditionally built on deep actuarial expertise in biometric risk now face pressure to rapidly develop capital management capabilities more akin to those of investment bankers and asset managers.

This transformation parallels the **automotive industry's pivot from internal combustion engines to electric vehicles**. Just as carmakers must reinvent their entire business—replacing core competences such as engine design, fuel systems, transmissions, and exhaust systems with battery and powertrain technology, software, and connectivity—reinsurers must overhaul their models to succeed in a world where financial engineering and investment sophistication are just as critical as underwriting prowess. To stay competitive, reinsurance companies must embark on this strategic transformation—evolving from biometric risk specialists to **multidisciplinary risk and financial partners**.

> History is a mirror. By reflecting on the past, we gain insight into what leads to prosperity or decline.

History as a Mirror, for the Way Forward

This ancient Chinese wisdom holds true for the global L&H reinsurance industryan industry that has undergone nearly 150 years of evolution, originating in Western Europe and only reaching its modern form in the 1990s. Using the historical development of the Western reinsurance market as a mirror, we can better understand the varying levels of market maturity around the globe, revealing a clear pattern of three distinct development stages in L&H reinsurance. (See Exhibit 2.)

Exhibit 2 - Three major stages of L&H Reinsurance Development

	Emerging *Biometric oriented*	**Evolving** *Transition from biometric to financial risks*	**Mature** *Financial solutions and AIB-dominated*
Regulators	• Encourage rapid growth in life insurance as backbone of economy • Basic regulatory framework	• Introduce risk-based capital solvency regulation to manage systemic risk • Regulation in distribution channels	• Cross-regional regulatory alignment • Offshore markets provide regulatory and tax facilitation • Capital market matures
Consumer needs	• Major needs are around biometric risk coverage of the major bread earner	• Shifting from pure protection needs (mortality and morbidity risks) to hybrid with saving and investment needs	• Consumers' protection needs have gradually shifted to saving and investment products (living benefits)
Cedents' business needs	• Cedents have insufficient knowledge, data, technology, and experience, leading to high cession rate and demand in adjacent services (e.g., product innovation, underwriting engine)	• Rapid accumulation of in-force book with increased scale of asset management and financial risk exposure • Meeting the regulatory capital requirements	• Challenges of weak business growth, long-term risk, and long-term spread loss • Product innovation and ecosystem solutions around health and wealth
	Multinational cedants might require cross-country, multi-risk transactions and cover different needs according to market maturity		
Dominating reinsurance solutions	• Taking a bet in growth market for longer-term profitability in in-force book • Act as enabler for biometric and medical underwriting	• Moving from traditional reinsurance to financial reinsurance • Starting from simple financial solution to release capital in light of risk-based capital requirement	• Exponential growth in annuity products • Aggressive growth in AIB with regulatory arbitrage • Open offshore markets
Typical markets today	• India	• China	• UK, Japan, South Korea
Historic development (US)	• US (before 1990)	• US (1990–2010)	• US (today)

Source: BCG

The transition beyond traditional biometric risk management accelerated in the 1990s, driven by the introduction of risk-based capital solvency frameworks aimed at enhancing systemic resilience and protecting policyholders. Simultaneously, evolving consumer needs and improvements in social safety nets led insurers to innovate with a new wave of life insurance products. As in-force business volumes grew, so did insurers' financial risk exposure, creating demand for capital optimization and investment expertise. Reinsurers responded by expanding into financial reinsurance, complementing their core biometric offerings.

Following the 2008 global financial crisis, consumer preferences continued shifting—from pure protection to savings and investment-linked products, especially annuities. Insurers faced a challenging environment marked by subdued growth, long-term liabilities, inflation concerns, and compressed investment spreads due to persistently low interest rates. This prompted a surge in product innovation, particularly in health and wealth management.

The rapid expansion of annuity portfolios and rising product complexity, set against ongoing economic uncertainty, introduced new risks and heightened the demand for advanced financial solutions. Reinsurers adapted by growing their AIBs, delivering sophisticated tools to support regulatory compliance, strengthen balance sheets, and provide capital relief—while also tapping into offshore market opportunities to expand their reach.

Global Trends and Market Archetypes

Despite regional and market differences, several global trends are shaping the future of the life and health insurance industry and hence the cedents' needs, including the following:

- **Shift of Life Insurance to Living Insurance.** As economies grow and healthcare improves, societies and consumers are increasingly focused on longevity risk—the financial challenges of life after retirement. Life insurance is evolving from a traditional protection model to products centered on savings and investment.

- **Interest Rate Volatility and Uncertainty.** With greater exposure to investment markets, life insurers endured more than a decade of low interest rates (2008–2021), which put pressure on returns. The sharp rate hikes in 2022–2023 improved investment yields but also strained capital ratios and asset-liability management. Persistent rate volatility has fuelled demand for duration risk transfer and access to external investment expertise.

- **Rising Complexity in Alternative Investments.** To enhance yields, insurers are increasingly turning to alternative assets, such as PE, introducing new layers of risk and complexity to their portfolios.

- **Capital Regimes and IFRS 17.** In emerging markets, regulators are tightening solvency requirements, while globally, IFRS 17 has revealed underlying structural weaknesses and deferred profit recognition from new business. As a result, life insurers are partnering more with reinsurers and alternative capital providers, such as PE firms, to manage liabilities and bolster capital efficiency.

- **Data Scale and Advanced Technology.** Leading reinsurers, leveraging their aggregated biometric data and deeper tech investment capacity, are increasingly positioned to deliver superior underwriting and investment solutions—often surpassing the capabilities of their cedents.

While regional and market maturity influence the needs of cedents, a critical dynamic lies within developed economies themselves. By examining two key forces—the scope of social welfare systems (namely, public life and pension coverage) and the sophistication of capital markets—we can identify four distinct reinsurance market archetypes across developed countries. (See Exhibit 3.)

Exhibit 3 - Four Archetypes of L&H Reinsurance Market among the Developed Economies

A. Stagnating or Shrinking Reinsurance Markets

In countries with advanced public social security systems—such as Germany—the private life and health insurance sector remains relatively limited. With biometric risk pools nearing saturation and strict regulatory oversight constraining financial innovation, these markets are experiencing stagnation or even decline in L&H reinsurance activity.

B. Growth Driven by Financial Solutions and AIB

In markets where protection needs are largely met by public systems, such as in Japan, there is minimal demand for innovation in biometric risk products. However, Japan has become a pioneer in financial solutions and AIB, with pension-related capital increasingly flowing across borders through reinsurance structures.

C. Growth Anchored in Traditional Biometric Risk

In certain markets, biometric risk coverage is mandatory and provided by private insurers. These countries tend to have high cession rates, often encouraged by regulatory policy. The strong culture of risk-sharing motivates primary insurers to invest in ongoing product innovation—including in areas such as long-term disability care—while also advancing financial risk transfer practices.

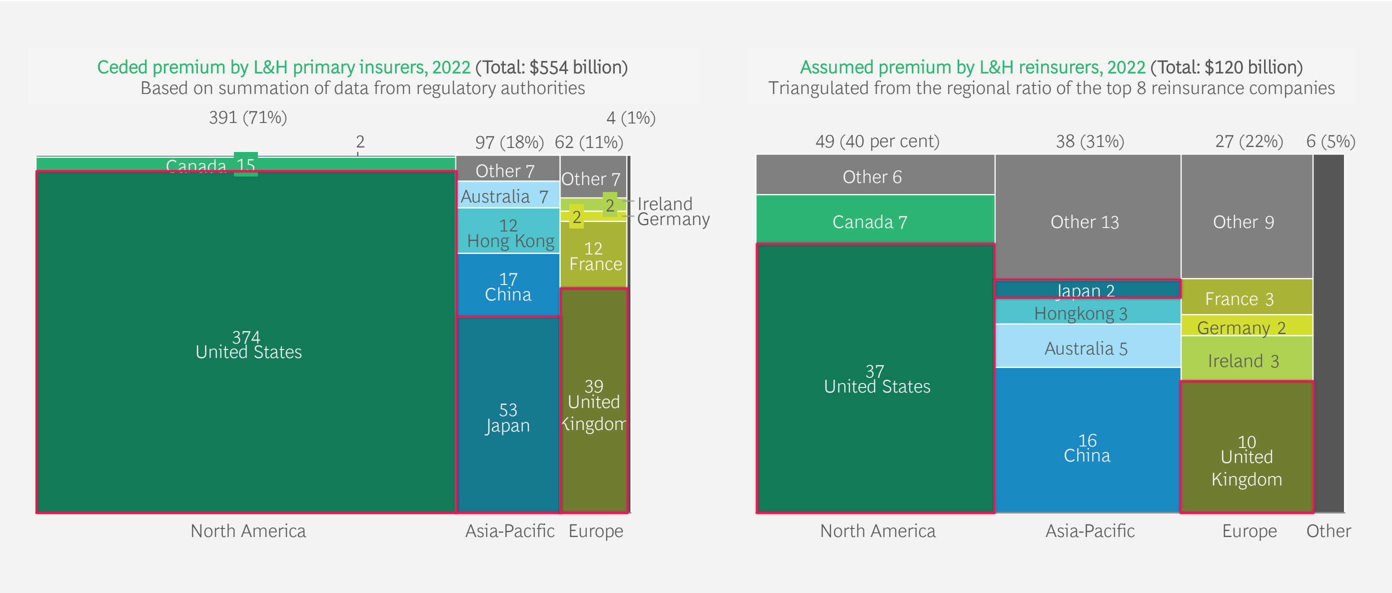
D. Continuous Innovation Across Biometric and Financial Risk Transfer

In countries with large and growing insured populations, the expansion of in-force biometric books provides a strong foundation for reinsurance growth. Combined with overall deregulation trends and highly sophisticated capital markets, these conditions foster an environment ripe for innovation in both product design and financial solutions.

Earlier, we defined the “lion’s share” of the L&H reinsurance market as the gap between the premiums ceded by primary insurers and the premiums assumed by traditional reinsurers, which is increasingly being filled by financial solutions and AIB.

When we break down this lion’s share by market archetype, a clear pattern emerges: the largest contributions come from Archetype B (Japan) and Archetype D (the United States), with the UK positioned somewhere in between. **In other words, the most significant markets for financial reinsurance solutions tend to align with major global financial centers** where capital markets are deep, regulatory environments are conducive to innovation, and insurers are actively seeking balance sheet optimization. (See Exhibit 4.)

Exhibit 4 - Biggest differences between ceded vs. assumed premiums are in US, Japan and UK



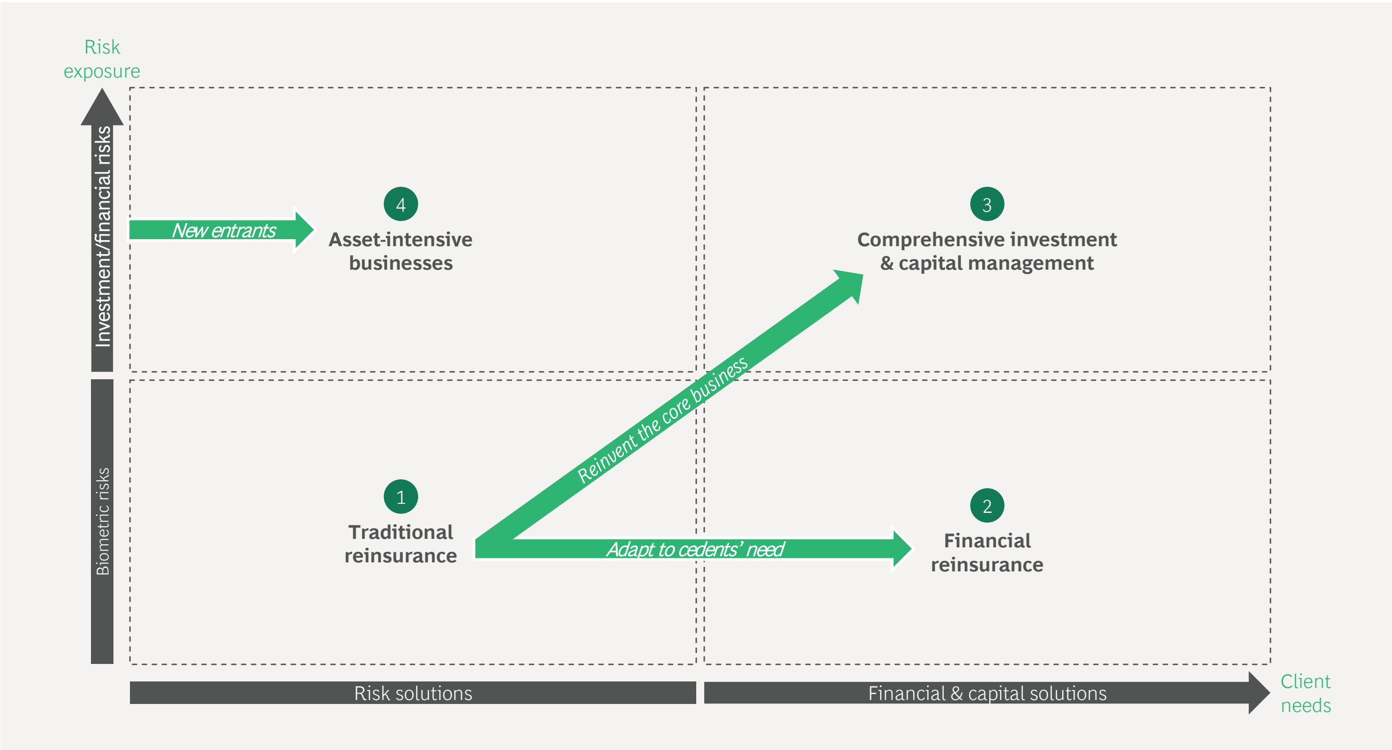
Source: AXCO, regulatory data from countries, annual report data from various reinsurers, BCG analysis

How Reinsurers Are Adapting, or Not

The power shift in life and health reinsurance is not subtle—it's structural. Fuelled by new capital models, financial reinsurance, and asset-backed solutions, a new wave of players is rising to prominence. While traditional reinsurers still dominate the headlines, they no longer define the growth curve. Players once seen as niche are now leading through innovative capital and risk solutions. Similarly, asset-intensive specialists continue to make headlines with multi-billion-dollar transactions, reshaping the competitive landscape.

Amid these shifts, the reinsurance sector is beginning to split into four distinct camps, each defined by its strategic posture, capital model, and market-facing specialization. (See Exhibit 5.) This fragmentation reflects deeper forces at play: divergent responses to capital pressure, regulatory change, and the evolving needs of cedents in both mature and emerging markets.

Exhibit 5 - Four response models to the shifting risk pool and clients' needs



Source: BCG analysis

1. **Traditional Reinsurers**
These companies continue to rely on their historic strengths in biometric underwriting and longstanding client relationships. However, they also exhibit a limited appetite for investment risk, partly due to prior losses during the financial crisis. Operating under tighter solvency rules—especially in developed markets—they are at a regulatory disadvantage. Their portfolios are heavily concentrated in in-force business, leading to stagnation in growth.

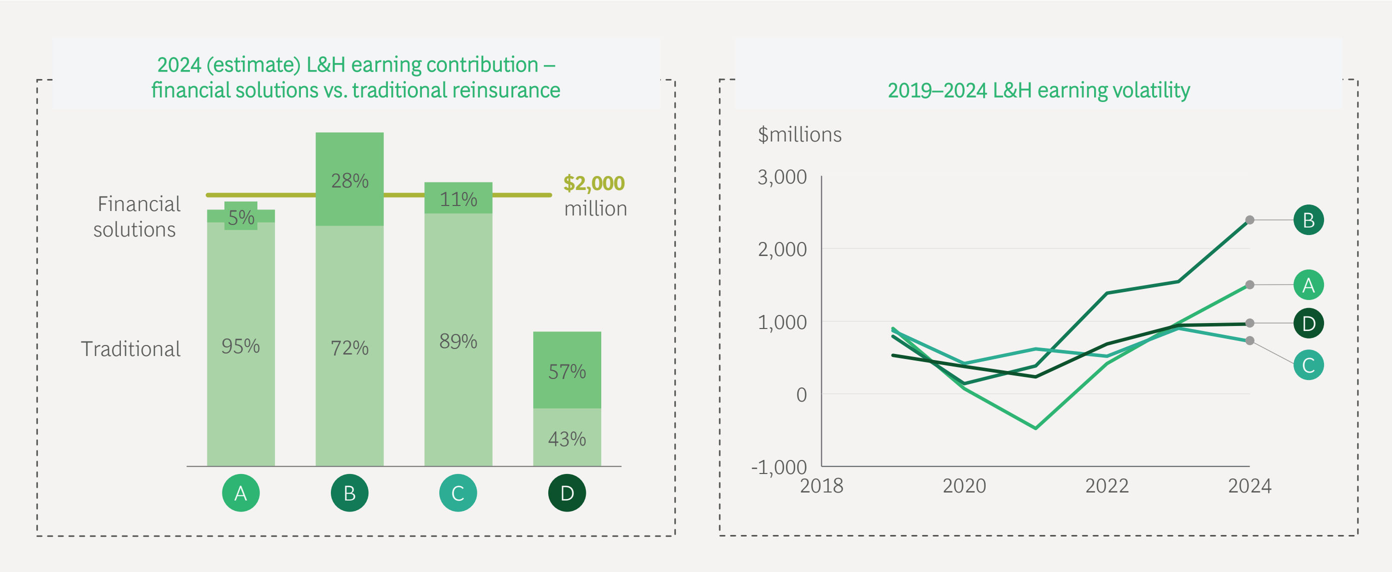
2. **Structured Solutions Players**
These reinsurers are building on biometric expertise while expanding into adjacent financial lines—but in a measured, non-aggressive fashion. They have dedicated global financial solutions teams and serve a broad range of client needs, from protection to savings and investment products. This group is seeing higher growth and diversifying earnings than are pure biometric players, as they strike a balance between risk management and financial innovation.

3. **Financial and Investment-Driven Reinsurers**
Positioning themselves as financial managers rather than traditional risk carriers, this group is leading the charge in financial reinsurance and asset-backed transactions. With a global presence and strong offshore capabilities, they are key enablers of regulatory arbitrage and capital relief. These reinsurers are scaling back traditional biometric operations and reallocating resources toward asset-intensive and capital-structured deals, especially in annuities and long-term savings.

4. **PE-Backed Players**
PE firms and PE-backed reinsurers are driving much of the growth in the asset-intensive reinsurance segment. By investing in or acquiring reinsurance platforms, they tap into opportunities often overlooked by public investors wary of life insurance liabilities. These players are especially active in in-force block transactions, leveraging innovative deal structures and alternative investment strategies. They are becoming dominant in the annuity and legacy books space, offering both capital and creativity.

This segmentation underscores a strategic divergence within the life and health reinsurance market—particularly among the **top four traditional players**, which we'll refer to as A, B, C, and D. On one side are those holding firmly to legacy strengths in biometric risk underwriting. On the other side are those actively reengineering their business models around capital efficiency, investment-driven returns, and global structuring expertise. This shift reflects deeper pressures reshaping the industry—from margin compression to regulatory arbitrage opportunities. To illustrate this divergence, we turn to our analysis of their earnings profiles. (See Exhibit 6.)

Exhibit 6 - Earning profiles of four top players



Source: BCG analysis

The data highlights a clear strategic advantage for reinsurers that have embraced financial solutions alongside traditional L&H reinsurance. Player B, who has smartly combined the traditional strength with financial solutions, achieved higher growth and superior margins. In contrast, reinsurers focused solely on traditional biometric business—such as player A—show limited earnings upside and are more prone to negative volatility, especially during periods of economic or actuarial stress. While financial solutions can introduce greater earnings volatility, the nature of that volatility tends to be positive. offering limited downside and substantial upside, as evidenced by player B's strong rebound and market-leading performance. This suggests that a balanced reinsurance strategy, integrating both traditional risk and financial structuring, is key to achieving growth, resilience, and profitability in a changing market.

Better Late than Never—Strategic Recommendations for Reinsurers

Due to the long-term nature of life insurance, traditional life reinsurers have rightly focused on managing their in-force books. However, many are late to build capabilities in financial reinsurance and AIB. As one client put it,

> **The train of financial solutions and AIB has already departed. So be it.**

We respectfully disagree.

Precisely because life reinsurance is a long-term business, the deep relationships and trust built over decades between reinsurers and clients are not easily replaced. Now is the time to define future positioning by leveraging existing strengths, client portfolios, and high-potential opportunities. Better late than never.

For firms constrained by outdated systems and processes, transformation must go beyond surface-level adjustments. It requires a bold agenda to modernize core competencies such as sourcing, structuring, investment management, and financial risk management—capabilities essential for developing complex products and enabling digital agility.

Strategies such as utilizing offshore hubs (see Excursus below) and deploying sidecars for structured finance, crossborder capital optimization, and solvency relief no longer provide a competitive edge—they are essential for maintaining relevance and resilience in the evolving market.

Organizational and Talent Transformation

A key first move is to establish a dedicated financial solutions unit, staffed with cross-functional teams integrating biometric and financial underwriting, investment, legal, and risk expertise. Success in financial reinsurance and AIB demands new skills, including:

- Product structuring experts to design sophisticated deals;
- Asset managers experienced in both traditional and alternative portfolios;
- Actuarial specialists fluent in Solvency II, IFRS 17, and other risk-bearing capital regimes;
- Risk modelers capable of navigating AIB-specific exposures; and
- Technology professionals who can build the digital backbone needed for scale.

Learning from and Leveraging PE-Backed Players

The dominant players in the AIB space today are PE firms and PE-backed insurers. They are undoubtedly highly skilled asset managers, but a fair question remains: do they fully grasp the complexity of long-term insurance liabilities and the underwriting risk beneath the balance sheet? Rather than dismiss these disrupters, traditional reinsurers should consider strategic partnerships that combine their own deep liability and actuarial expertise with the PE world’s capital efficiency, commercial drive, and execution speed. There is much to learn from these players: they are value-focused, agile, unburdened by legacy bureaucracy, and laser-focused on outcomes. For traditional reinsurers seeking to remain competitive, collaboration—not resistance—may be the smarter play.

Regulatory Preparedness: A Leadership Test

Regulatory readiness shouldn't just be a checkbox—it should be a competitive edge. In an era when financial innovation is outpacing rulebooks, the real leaders in reinsurance won't be those simply waiting for regulators to catch up. They'll be the ones shaping the dialogue, pushing for a smarter balance between open-mindedness and oversight. **The industry needs less regulatory arbitrage and more strategic advocacy**. If the future of life and health reinsurance is going to hinge on capital efficiency, financial structuring, and global reach, then regulatory adaptability must be part of the business model—not just a risk note in the appendix. To the CEOs of today's reinsurers: if you're still treating regulators as a hurdle instead of a partner—or worse, hoping to fly under the radar—you're not leading, you're coasting. The firms that win in this environment will be those bold enough to engage, challenge, and help shape the rules of the game. **Think of it this way: if you're not at the table, you're probably on the menu.ccc**

Conclusion and Challenge to CEOs

The market for financial solutions and AIB is no longer emerging—it's the new core. Biometric-only growth is disappearing in the rearview mirror. CEOs, if you're still fine-tuning slide decks and debating five-year plans, you're already behind. **The market won't wait for your consensus. While you're forming a task force, your competitors are launching deals, capturing talent, and locking in clients**.

The future of life and health reinsurance is not about preserving tradition—it's about reinventing relevance. Industry leaders are actively redrawing the boundaries of what reinsurance means; laggards, meanwhile, remain stuck in shrinking biometric pools, clinging to past status and fooling themselves into thinking they still lead.

As CEO, you can **drive the wave—or drift in its wake**. Just remember: the wave doesn't care who you used to be.

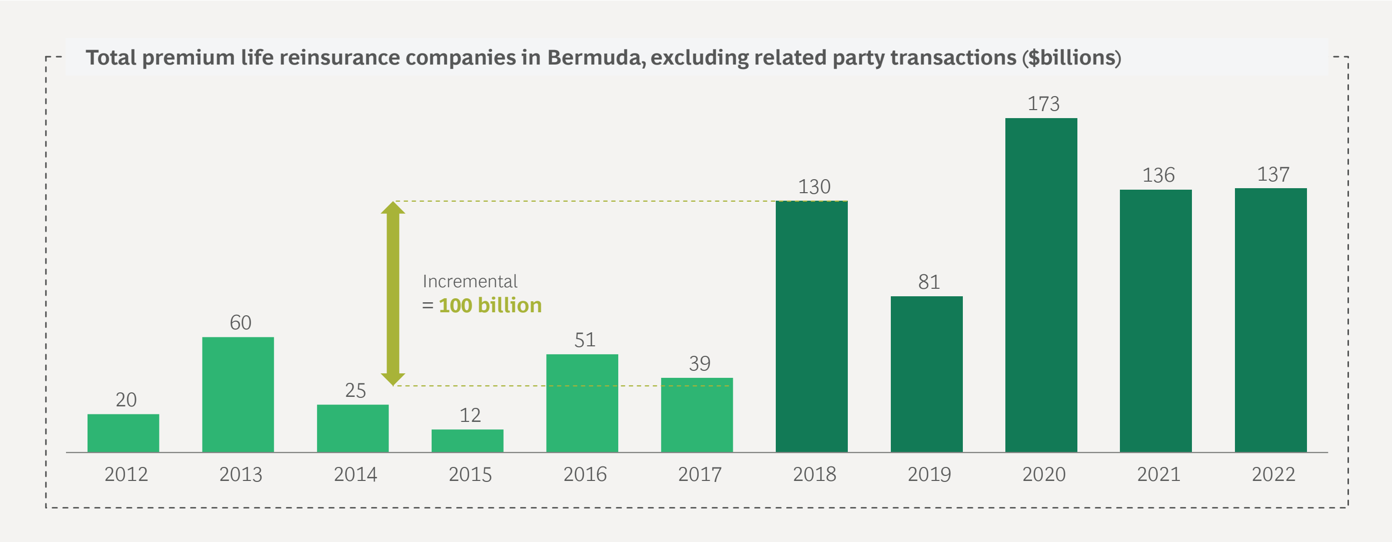
Excursus: Offshore Models—from Structure to Substance

While much of the focus has been on primary L&H insurers seeking to become asset-light and capitalefficient, it is important to recognize that reinsurers face similar challenges—just at a different layer of the risk chain.

Reinsurers, especially those engaging in AIB and financial solutions, must also hold capital against long-term liabilities, manage investment risks, and navigate global regulatory frameworks. As they take on large, complex blocks of business—often transferred from cedents precisely to ease the cedents' capital burden—reinsurers inherit significant balance sheet and solvency demands.

How do reinsurers avoid simply becoming "the next capital-heavy layer"? A key part of the answer lies in offshore centers. (See Exhibit 7.)

Exhibit 7 - Offshore centers have seen explosive growth as hub of financial driven reinsurance solutions – example Bermuda



Source: companies' presentations; BCG analysis

Over the past two decades, reinsurers have increasingly established entities in offshore jurisdictions, such as Bermuda, the Cayman Islands, and Luxembourg. These locations offer strategic advantages for **regulatory arbitrage**, enabling reinsurers to optimize capital, improve financial flexibility, and support clients with more sophisticated risk and asset solutions. At the heart of this trend are jurisdictions that provide a favorable regulatory environment, tax neutrality, and global recognition—all of which make them highly effective platforms for delivering **financial solutions** and **asset-intensive reinsurance**.

Offshore centers offer several key benefits, including the following:

- **Tax Incentives**. Many offshore jurisdictions impose no tax on profits, income, dividends, or capital gains. Reinsurers can accumulate profits without limits or forced dividend payouts. This tax neutrality allows for the efficient release of reserves and the accumulation of long-term capital.

- **Flexible Financial Requirements**. Offshore regulators often allow market-consistent reserving methods, which can result in lower reserve requirements—particularly when interest rates rise—enhancing capital efficiency and return on equity.

- **Regulatory Recognition**. Jurisdictions such as Bermuda benefit from mutual recognition with the EU and US:

1. EU insurers operating through Bermudan subsidiaries can use Bermuda Monetary Authority (BMA) capital rules without Solvency II recalculations. Structured Solutions Players

2. In the US, the National Association of Insurance Commissioners (NAIC) recognizes Bermuda and similar qualified jurisdictions, allowing for reduced guarantee requirements and full reserve credit without the need for collateral.

- **Product Innovation**. Offshore centers enable the creation of bespoke financial products and reinsurance structures, supporting complex client needs around capital management, regulatory compliance, and cross-border business expansion.

Given these advantages, one might ask, **Why don't cedents (primary insurers) establish offshore entities themselves?** The answer lies in a combination of regulatory, operational, and strategic considerations.

Cedents are subject to **strict oversight by domestic regulators**, who may view offshore reinsurance—especially when intra-group—as a means of capital arbitrage, potentially denying credit for risk transfer. There are also **reputational risks**; insurers often avoid offshore structures to prevent stakeholder concerns or regulatory scrutiny.

Additionally, managing offshore vehicles requires **specialized expertise** in legal structuring, actuarial modelling, tax compliance, and investment management—capabilities that reinsurers have developed over decades. Most cedents lack the scale or experience to operate these structures effectively or efficiently.

Furthermore, reinsurers are better positioned to satisfy **economic substance rules**, such as OECD BEPS, and maintain the operational presence required by global standards. Importantly, using a third-party reinsurer adds a layer of **independence**, making it easier to demonstrate **genuine risk transfer**, which is essential for obtaining regulatory capital relief.

In summary, reinsurers leverage offshore centers to deliver high-impact, capital-efficient solutions to cedents—solutions that would be too complex, costly, or risky for primary insurers to develop and manage internally. This approach allows cedents to optimize capital and manage financial risk, while reinsurers gain access to lucrative cross-border business built on regulatory flexibility, tax efficiency, and innovation.

These offshore center benefits have recently come under **increasing global scrutiny**. Regulators and tax authorities are closely examining whether insurers and reinsurers are using offshore entities primarily for regulatory arbitrage without genuine risk transfer or economic substance. In response, jurisdictions such as Bermuda have strengthened governance standards, gained regulatory equivalence—for example, Solvency II and NAIC Qualified Jurisdiction status—and introduced stricter substance laws to demonstrate local operations and transparency. At the same time, global initiatives such as OECD BEPS, FATCA, and CRS have heightened tax reporting and compliance obligations.

The offshore model is evolving from structure to substance. Reinsurers are shifting from purely tax-driven strategies to more sustainable capital optimization approaches. There is growing emphasis on blending offshore capital efficiency with onshore governance—what some call the **"onshoreoffshore" model**. Investment in local infrastructure, talent, and data capabilities is rising, as is the development of innovative, compliant reinsurance structures. With **convergence around global capital standards**, the gap between onshore and offshore regulation is narrowing. Going forward, successful offshore centers will be those that demonstrate true economic substance, regulator alignment, and a credible role in managing long-term insurance risk—positioning them not as tax havens, but rather as legitimate platforms for capital-efficient, crossborder risk management.

About the Authors

Yamin Groeninger is a Managing Director & Partner based in the BCG's Singapore Office.
Groeninger.Yamin@bcg.com

Steven Chen is an Partner and Associate Director based in the BCG's Singapore Office.
Chen.Steven@bcg.com

Gary Huang is a Principal based in the BCG's Shanghai Office. Huang.Gary@bcg.com

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