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Litigation Update: Estate of Long v. Wells Fargo Bank, N.A.

Sponsor Demand Intact as US Pension Risk Transfer Market Prepares for Busy Year-End

Global Equity Release Market Participants Remain Bullish Despite Macro Headwinds



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Editor's Letter, Volume 2, Issue 11, November 2026



Chris Wells
Managing Editor
Longevity & Mortality Investor

The global equity release market could triple to $52bn by 2035, according to new research. *Greg Winterton* spoke with **EY** Partner **Ben Grainger** to explore key findings from the latest **EPPARG** and EY survey in *Global Equity Release Market Participants Remain Bullish Despite Macro Headwinds*.

Addressing both personal jurisdiction and the scope of secondary liability under Delaware's insurable interest statute, a recent Memorandum Opinion issued by the Superior Court of the State of Delaware (Complex Commercial Litigation Division) granted the defendants' motion to dismiss the amended complaint in its entirety. *Greg Winterton* provides a summary overview of the details in *Litigation Update: Estate of Long v. Wells Fargo Bank, N.A.*

Significant falls in aggregate annual pension risk transfer premium in the US market in the first half of the year don't necessarily tell the full story of market activity and what is influencing it. *Greg Winterton* gathered insights from **Alex Gagnon**, Vice President and Head of Distribution at **Banner Life** family of companies' retirement business, and **Keith Golembiewski**, Head of Annuity Research at **LIMRA**, regarding the current state of play in *Sponsor Demand Intact as US Pension Risk Transfer Market Prepares for Busy Year-End*.

Artificial intelligence promises many things to many industries, and the life insurance/annuity market is no different. *Greg Winterton* spoke to **Alexandr Dudarev**, CEO of **Inshurik**, an AI-driven insurance platform, to discuss a range of sub-topics at the intersection of AI and life/annuity carriers in this month's *Q&A*.

A recent report from **Fitch Ratings** highlights some of the measures being implemented simultaneously across the US, UK, and offshore hubs that are designed to tighten scrutiny on asset-intensive reinsurance, a capital management strategy used by some bulk purchase annuity writers. *Greg Winterton* spoke to **Robert Mazzuoli**, Director at Fitch Ratings, to get his thoughts on any potential impacts of these regulatory changes on the pension risk transfer market in *New Report Highlights Tighter Regulatory Oversight of Asset-Intensive Reinsurance*.

I hope you enjoy the latest issue of *Longevity and Mortality Investor*.

Global Equity Release Market Participants Remain Bullish Despite Macro Headwinds



Author:
Greg Winterton
Contributing Editor
Longevity & Mortality Investor

The global equity release market could triple in size to $52bn by 2035, according to a new report from the European Pensions and Property Asset Release Group (EPPARG) and EY.

Drawing on data from 14 markets, the *Global Equity Release Survey* suggests that market participants remain bullish about the sector's long-term growth potential despite a slight dip from last year's $56bn projection. The report says that the global market currently stands at $17.7bn.

Getting to $52bn means a compounded annual growth rate of 11.61%; ambitious, indeed, by any standard, but not impossible. Markets such as the US and the UK are forecast to lead the charge, increasing from $7.7bn to $21.5bn and $3.1bn to $7.3bn, respectively, and these two countries provide the bulk of the global market size.

But some European markets – France, Italy and Spain – are forecast to deliver triple-digit gains.

> **"Funding and distribution are the difficulties that these smaller European markets face…Building a lender from scratch is doable but some investors don't want to take on ramp risk. For those that do, they will still need to be plugged into the financial services ecosystem of that country so that they can get the word out"**
> **- Ben Grainger, EY**

For these markets to get anywhere near that level of increase, however, they need to overcome two hurdles: one operational, the other, structural.

"Funding and distribution are the difficulties that these smaller European markets face," said Ben Grainger, Partner at EY in London and one of the report's authors.

"Building a lender from scratch is doable, but some investors don't want to take on ramp risk. For those that do, they will still need to be plugged into the financial services ecosystem of that country so that they can get the word out."

Indeed, the report's section on sources of funding in the market has expanded this year, asking survey respondents about levels of domestic funding and the changes that they anticipate seeing in how their markets are funded in the coming years and the responses are wide-ranging.

In France, they expect greater participation from domestic funders. In Spain, they see international institutional investors entering the market. And in the Netherlands and Italy, they see securitisation playing a greater role.

Established markets already provide product to the securitisation market, of course. In the US, the market's primary funding mechanism is heavily based on securitisation; both the agency-backed Home Equity Conversion Mortgage product and reverse mortgages originated in the proprietary market are securitised. Canada, Australia and the UK all deliver mortgage pools to the credit capital markets as well.

But while securitisation offers a way to jumpstart newer markets, Grainger notes that building a mature, multi-tiered funding model will take time.

"Securitisations can mainly fund higher-interest-rate, higher-risk products, such as those with higher loan-to-value ratios, because the structure needs to deliver sufficient returns to generate investor appetite," he said.

"Securitisation-based funding could be the first step to help prove the market in continental Europe, and once this is established, institutional balance sheet funders could be attracted to fund the lower risk, lower rate products."

This year's report also covers digitalisation and artificial intelligence. Survey respondents were asked whether they already use or anticipate that they will begin to use digitalisation/automation and AI as part of their processes within the next five years.

The former appears to be integrated quite considerably into market operations already, but AI, less so, particularly in the areas of know-your-customer and underwriting.

Pivoting to growth barriers, aside from the aforementioned hurdles that newer/smaller markets need to overcome, there are notable country-specific risks, such as capital adequacy rules in the UK being a headwind to bank

participation in that market, and Polish participants reported that their space may benefit from better regulation.

But the other frustrations are long-established. Limited knowledge and awareness – and misconceptions about the product – remain prevalent, according to the survey. And the higher-for-longer interest rate environment isn't helping, either. While the European Central Bank held rates steady at its most recent meeting, the Bank of England raised them on November 5th, the first increase since 2023. The US Federal Reserve hiked in September, and the Bank of Canada did so at the end of October.

"The customer demand challenge remains a critical one for equity release markets around the world, but it's one over which the market has less control... if rates come down, other things being equal, the appeal of equity release as a retirement finance tool goes up, and so would activity"
- Ben Grainger, EY

If the global equity release market wants to hit that $50bn-odd in the next decade, while there is plenty of work to be done in all markets (not just the smaller emerging ones), it is going to need a little help from the macroeconomy.

"The customer demand challenge remains a critical one for equity release markets around the world, but it's one over which the market has less control. When interest rates are higher, fewer customers want to borrow; activity in the UK halved when rates began rising recently, for example," said Grainger.

"But regardless of market, if rates come down, other things being equal, the appeal of equity release as a retirement finance tool goes up, and so would activity. It's important for all markets that participants continue to educate and innovate, but this is a space where the prevailing interest rate has a significant impact on the market."



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Litigation Update: Estate of Long v. Wells Fargo Bank, N.A.



Author:
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On 30th October 2026, Judge Patricia A. Winston of the Superior Court of the State of Delaware (Complex Commercial Litigation Division) issued a Memorandum Opinion in *The Estate of Ewell E. Long v. Wells Fargo Bank, N.A.* (Long), granting the defendants' motion to dismiss the amended complaint in its entirety.

The case centred on a life insurance policy procured in April 2007 on the life of Florida resident Ewell E. Long, allegedly as part of a stranger-originated life insurance (STOLI) scheme. The policy was applied for by The Ewell E. Long Irrevocable Trust, with Mr. Long's wife as beneficiary. According to the complaint, a non-party to the case, Ocean Gate, funded the first-year premium, directly or indirectly. Mr. Long's wife sold her beneficial interest in the trust to Ocean Gate for $210,000 under a Successor Beneficiary Agreement dated April 23, 2007.

After a 2013 transfer of the trust's beneficial interest to another investor, Perlino FL, L.P., a Florida limited partnership with its principal place of business in Texas, acquired the policy in June 2020. Wells Fargo Bank, N.A., a national bank with its main office in South Dakota, served as Perlino's securities intermediary and became the policy's owner and beneficiary on the insurer's books. To effect that change, Wells Fargo executed a change of owner and beneficiary form in Delaware. Jade Mountain Partners LLC, a Delaware LLC based in New York and one of the defendants, provided investment management services to Perlino, including maintaining the policy files.

After Long died in January 2022, Wells Fargo received the policy's death benefit in March 2022 and credited the funds to Perlino's account. Wells Fargo took both steps in Minnesota.

In March 2025, Long's estate, represented by his widow, filed suit seeking recovery of the death benefit under 18 Del. C. § 2704(b), Delaware's insurable interest statute. The amended complaint asserted a statutory claim against Wells Fargo and Perlino for recovery of the proceeds (Count I), as well as claims for civil conspiracy to wager on human life (Count II) and aiding and abetting a wager on human life (Count III) against Wells Fargo, Perlino, and Jade Mountain.

The defendants moved to dismiss the claim, and Judge Winston granted the motion in its entirety. The court held that it lacked personal jurisdiction over Wells Fargo and Perlino under 10 Del. C. § 3104(c), Delaware's long-arm statute, which defines when a Delaware court may exercise personal jurisdiction over a non-resident under the "conspiracy theory" of jurisdiction.

The court explained that one source of a § 2704(b) claim is the procurement of a policy that lacks an insurable interest, and that the collection of the death benefit is arguably another. Wells Fargo and Perlino had not taken part in the procurement, which took place thirteen years before they acquired the policy, and Wells Fargo collected the death benefit in Minnesota. The court therefore determined that Wells Fargo's execution of the form in Delaware was not a "source" of the § 2704(b) claim and did not "have a sufficient nexus to the Section 2704(b) claim." It rejected the estate's argument that a "but-for" connection was enough, because signing the form did not itself effect the collection of the death benefit. Subsection (c)(3)



failed for a further reason: the estate alleged no tortious injury in Delaware. A § 2704(b) claim is not based on a breach of any duty owed to the estate, and any injury the estate suffered likely would have been felt in Florida. The court also rejected general jurisdiction under § 3104(c)(4), because the estate did not argue that either foreign defendant was "essentially at home" in Delaware under *Daimler AG v. Bauman*.

The court also held that the conspiracy theory of jurisdiction failed. The complaint offered no specific factual evidence, only conclusory allegations and allegations made on information and belief, that Wells Fargo or Perlino knew the policy was a STOLI policy, and so an illegal wager on human life, when they acquired it in 2020 in what appeared to be an arm's-length transaction.

Regarding the remaining secondary liability claims against Jade Mountain, the court granted dismissal under Rule 12(b)(6). Citing the Delaware Supreme Court's February 2026 decision in *GWG DLP Master Trust v. Estate of Frank*, 361 A.3d 31 (Del. 2026) (*Frank*), the court explained that an estate's right to recover a STOLI death benefit did not exist at common law and is a creature of statute under 18 Del. C. § 2704(b).

The court emphasized that § 2704(b) defines its scope precisely, creating a remedy only against "the beneficiary, assignee or other payee" who is "the person so receiving" the benefits from the insurer. Jade Mountain never received the death benefit. Drawing an analogy to the Court of Chancery's ruling in *Edgewater Growth Capital Partners, L.P. v. H.I.G. Cap., Inc.*, which rejected implied secondary liability under the Delaware Uniform Fraudulent Transfer Act, the court declined to imply claims for civil conspiracy or aiding and abetting against non-recipients such as Jade Mountain. As the *Edgewater* court put it, "[t]he General Assembly obviously could have explicitly provided for liability for aiding and abetting a fraudulent transfer, but it did not." The court also rejected the estate's attempt to recover damages for dignitary and emotional harm and invasion of privacy and stated that any expansion of liability is a matter for the General Assembly.

The court acknowledged but did not follow a June 2026 bench ruling in *Estate of Oristano v. Westgate Delaware, LLC*, in which another Delaware Superior Court judge allowed a STOLI conspiracy claim to proceed, noting that Oristano did not squarely address whether such claims exist and did not consider *Frank*.

As a result of the Memorandum Opinion, all claims against 'foreign defendants' Wells Fargo and Perlino were dismissed under Rule 12(b)(2) without prejudice.

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Sponsor Demand Intact as US Pension Risk Transfer Market Prepares for Busy Year-End



Author:
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The US pension risk transfer market has had, to put it mildly, a sluggish first half of the year, at least in terms of annual premium. Just $4bn of buy-in and buy-out sales in Q1 were followed by only $3bn in Q2, declines of 47% and 27%, respectively.

But while overall premium volume remained soft, transaction activity tells a different story. LIMRA says that the market recorded 180 contracts during the second quarter, up 24% year over year: In particular, transactions below $50m remained active, helping sustain contract growth despite the absence of larger, market-moving deals.

"While first-half results have been shaped by the absence of larger transactions, the fundamentals of this market remain firmly in place," said Keith Golembiewski, Head of LIMRA Annuity Research.

"Rising contract counts and broad carrier participation tell us sponsor demand is intact. What we are seeing reflects timing and deal sequencing, and a rebuilding pipeline points to a stronger second half of the year."

> **"Rising contract counts and broad carrier participation tell us sponsor demand is intact. What we are seeing reflects timing and deal sequencing, and a rebuilding pipeline points to a stronger second half of the year"**
> **- Keith Golembiewski, LIMRA**

Notably, LIMRA data shows that not a single transaction above $250m closed during the second quarter. This absence of jumbo and mid-market deals, which historically account for the lion's share of quarterly premium volume (and therefore influence the figures significantly), explains why total dollar figures looked so sparse despite healthy contract counts. The disparity reflects a shift in deal size mix rather than waning demand, as multi-billion-dollar plan sponsors hit the pause button.

But the 'rebuilding pipeline' to which Golembiewski refers would seem to be materialising already. Banner Life William Penn's Q3 PRT monitor projects third-quarter activity to reach nearly $7bn, which would roughly match the combined volume of Q1 and Q2.

Something that used to be a more significant consideration for plan sponsors than it is these days – and that helped fuel year-end activity historically - is the Pension Benefit Guaranty Corporation (PBGC) premiums. The rates for 2027 were announced in mid-October, with the single-employer flat rate rising by $5, in line with the past few years.

That means more cost for the plan sponsor. Higher interest rates in recent years, however, have left most plans near record funding levels and as a result, PBGC cost mitigation, whilst important, is no longer the frantic transaction driver it was in the 2010s.

"While PBGC premiums are part of the operational costs a sponsor has to face, and those rising costs can factor into appetite for PRT, it's unlikely a single-year increase would be a catalyst on its own," said Alex Gagnon, Vice President and Head of Distribution at Banner Life family of companies' retirement business.

"Plans are generally better funded and can better support some of these costs, but they are costs nevertheless."

While PBGC costs may carry less influence in the market nowadays, the projected increase in activity in Q4 betrays a quirk of the US market.

Insurer capacity and pricing are generally acknowledged to be more favorable to plan sponsors earlier in the year. Despite this, governance schedules largely dictate when a deal can be signed, which can ultimately impact which carrier a plan sponsor partners with on a PRT solution.

"Insurer capacity has two dimensions: capital and human resources. Capital appetite may decline as insurers meet annual business targets towards the end of the year, while staffing for pricing and onboarding can limit insurer participation at any time of year. Plan sponsors may consider market timing, but their own schedules—such as board meetings and annual reporting—ultimately drive transaction timing," said Gagnon.

"There is enough capacity in the market for annual volumes, but when it gets concentrated in a 2–3-month period, demand may exceed capacity, which can lead some insurers to be more selective about what transactions they can participate in. Sponsors may find themselves with less

participation than they would have expected earlier in the year."

Yet despite the genuine risk of facing tighter insurer capacity and less competitive pricing late in the year, this Q4 seasonal surge remains a deeply entrenched feature of the US market. The reality is that defined benefit plan management follows a strict corporate calendar. Many corporate treasurers and pension committees spend the first half of the year reviewing annual actuarial valuations, aligning board approvals, and refining their liability risk strategies, so by the time a sponsor is ready to enter the market, it's already summertime (at least).

"An increase in activity in H2 is a normal pattern for the US PRT market, and we have seen it consistently over the past 10 years. Sponsors typically spend the early part of the year setting their pension de-risking strategy and those who decide to execute a PRT transaction often aim to complete it before year-end"
- Alex Gagnon, Banner Life family of companies' retirement business

"We saw both transaction count and size increase in Q3 vs. H1. While transaction size does not really have much seasonality historically, transaction activity does tend to increase in Q3 and accelerate further into Q4," he said.

"And an increase in activity in H2 is a normal pattern for the US PRT market, and we have seen it consistently over the past 10 years. Sponsors typically spend the early part of the year setting their pension de-risking strategy and those who decide to execute a PRT transaction often aim to complete it before year-end."

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Q&A

Alexandr Dudarev
CEO, Inshurik





Author:
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Artificial intelligence promises many things to many industries, and the life insurance/annuity market is no different. Greg Winterton spoke to Alexandr Dudarev, CEO of Inshurik, an AI-driven insurance platform, to discuss a range of sub-topics at the intersection of AI and life/annuity carriers in this month's Q&A.

GW: Alex, let's start with lapse risk – this is a very applicable topic for LMI's readers, given that it's one of the biggest investment risks in the life ILS space. How is AI going to impact both carriers and investors here?

AD: I think AI can help transform lapse risk management from a passive risk assessment exercise into an active, real-time strategy for value retention. For both carriers and platforms, it enables dynamic persistency modelling; instead of only realising a policy has lapsed after the fact, or catching it during late-stage grace periods, AI algorithms can continuously scan early behavioural indicators, policy interactions, and broader microeconomic signals to flag lapse probability months before it occurs, which means that carriers can consequently act with personalised, automated interventions.

For life ILS investors, given that lapse risk directly impacts long-term yield and target IRR, the gain that investors can get from greater predictability of duration and payout schedules means a reduction in the tail risk associated with unexpected lapses. Ultimately, AI can give investors in the life ILS space greater confidence in cash-flow stability, which directly translates into tighter pricing, lower cost of capital, and expanded capacity for funding transactions across the entire life ILS ecosystem.

GW: The heavily intermediated customer acquisition infrastructure in the US life insurance market means that there is something of an accessibility floor in terms of cost. Tell us how AI can help life/annuity carriers cast a wider net.

AD: AI breaks this bottleneck in a couple of ways. First, AI fundamentally reimagines customer engagement; by deploying autonomous, multi-channel AI agents capable of handling complex prospect interactions 24/7, carriers, through platforms, can triage, qualify, and nurture leads at a fraction of the cost of traditional contact centres or manual outreach. These AI-driven workflows absorb the labour-heavy preliminary phases of sales, allowing human advisors to step in only when high-value consultation is required.

Second, this collapse in acquisition friction directly transforms policy economics and premium pricing. When acquisition and service costs drop significantly, carriers no longer need to price high fixed overhead into every contract, which means that they can efficiently underwrite smaller face-amount products, micro-annuities, or simplified-issue coverage that were previously unprofitable to distribute.

I'd also suggest that AI doesn't necessarily displace the advisor ecosystem because it acts as a force multiplier by automating early-funnel engagement and optimising cross-sell workflows. It enables carriers to expand their total addressable market, offer competitive premium structures, and sustainably serve the massive protection gap without sacrificing margin or capital efficiency.

Continued on next page...

GW: What about the bulk purchase annuity (BPA) market? Is there the potential for AI to impact activity and pricing in this space at all, and if so, how?

AD: Absolutely. In fact, the BPA and pension risk transfer (PRT) market is uniquely poised for AI transformation because of the pure volume and complexity of data involved in these transactions. Traditionally, one of the biggest bottlenecks in bringing a BPA deal to market is the initial deal-triaging and data-sanitisation phase. Defined benefit pension schemes can have decades of fragmented, unstructured member data, so the cleaning, matching, and underwriting that data traditionally takes weeks or months, which inherently limits the number of transactions an insurer can price concurrently.

AI accelerates deal capacity and pricing velocity; advanced natural language processing and machine learning tools can digest, standardise, and reconcile raw scheme data quicker, enabling carriers to respond to quotes faster, evaluate more deals simultaneously, and reduce some of the administrative load built into bid preparation.

Second, AI enables insurers to layer non-traditional predictive datasets, macro-health signals, and socio-economic indicators on top of standard actuarial tables to gain a far more precise view of baseline longevity risk and mortality trend variance. When you can model mortality curves with higher fidelity, you reduce the required capital buffers and margin for uncertainty, leading to tighter, more competitive pricing for pension schemes without compromising carrier solvency.

GW: Inshurik is also active in the wearable medical tech space. How far advanced are these tools in terms of being able to better underwrite mortality and what's your view on the challenge of getting these devices used at any kind of scale that can be beneficial to a life insurer?

AD: The real barrier to scaling these tools across a broad insured population isn't the technology itself, it's adoption and perceived consumer value.

The most common model at the moment is that a carrier offers policyholders a small premium discount in exchange for handing over continuous health tracking. But for most consumers, that value exchange simply isn't compelling enough to drive daily, long-term habit change.

But in the later life, pre-care home segment, the immediate value is personal safety, independence, and peace of mind and when devices provide direct, immediate value to the user, adoption friction reduces. For life and annuity carriers, early detection of falls or rapid functional decline allows for rapid assistance or medical intervention, directly reducing acute mortality events and extending healthy longevity, and continuous monitoring generates structured, real-time health data that enables carriers to model late-life mortality curves with unprecedented precision, refining reserve requirements and improving post-retirement product pricing.

I'm not sure that wearables will scale across life insurance as generic wellness gizmos, but they can scale as specialised, life-enriching safety tools designed for specific life stages.

GW: Lastly, Alex, back to the capital markets. What's the bull case for AI being a tailwind for increased activity in the life ILS space?

AD: A few things here. First, AI drastically shortens the diligence and origination cycle. Historically, onboarding a life ILS portfolio required institutional investors to review dense, non-standardised policy databases across varying jurisdictions. AI-driven data extraction and automated risk analytics convert months of manual underwriting audits into days. AI enables life ILS funds and institutional asset managers to deploy capital much faster and evaluate a significantly higher volume of sponsor opportunities. This increased speed in underwriting should reduce the cost of new trades hence allow the ILS market to target smaller opportunities.

Second, it elevates risk transparency and secondary market liquidity. One headwind for life ILS adoption has been the perception among capital market investors that underlying life liabilities are difficult to price continuously over time. Advanced machine learning models can provide continuous, real-time portfolio telemetry, tracking macro-health signals, persistency trends, and population mortality variances dynamically. When investors have high-confidence, real-time risk visibility, rather than static annual actuarial reviews, secondary trading spreads narrow, price discovery improves, and overall market liquidity expands.

Third, it unlocks novel collateral and structuring frameworks. AI allows sponsors and ILS managers to slice and tranche complex biometric risks and insurance risks with a high degree of precision.

Life ILS has always been an attractive asset class for institutional investors due to its low correlation with traditional financial markets, but transaction volume has historically been constrained by friction, structural complexity, and illiquidity. AI can directly dismantle these structural barriers.

Alexandr Dudarev is CEO at **Inshurik**

New Report Highlights Tighter Oversight of Asset-Intensive Reinsurance



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Longevity & Mortality Investor

Cross-border capital management structures have provided vital capacity to the pension risk transfer (PRT) market on both sides of the Atlantic in recent years but insurance supervisors in the US and the UK are now implementing stricter controls on these arrangements.

A recent report from Fitch Ratings, *Global Insurance Regulatory Developments: 3Q26*, highlights some of these measures - that are being implemented simultaneously across the US, UK, and offshore hubs - that are designed to tighten scrutiny on asset-intensive reinsurance (AIR), a capital management strategy used by some bulk purchase annuity writers.

In the UK, the Prudential Regulation Authority (PRA) has proposed aligning the counterparty default adjustment applied to funded reinsurance with the corresponding fundamental credit spread. The report says that the PRA estimates that this adjustment would raise the capital held for an average existing funded reinsurance transaction from 2%–4% to approximately 10%. While the report explains that the regulator chose not to introduce explicit ceding volume caps at this stage, it noted that the PRA said that volume limits could be considered in future consultations following its 2028 stress test exercise if concentration risks persist.

> **"The federal government can take a long time to implement meaningful change…Having said that, the market would like to get feedback from HUD on last year's RFI responses as soon as possible"**
> **- Michael McCully, New View Advisors**

Parallel updates in the US reflect a similar supervisory approach. The National Association of Insurance Commissioners (NAIC) is advancing updates to the life risk-based capital (RBC) formula for year-end 2027. These changes will increase the recapture RBC factor applied to reserves ceded outside reciprocal jurisdictions, alongside revisions to recoverability risk calculations that account for counterparty financial strength ratings.

Other developments stateside might have an impact on the PRT market. The report mentions that the NAIC has also adopted new RBC factors specifically for collateralised loan obligations (CLOs), which will be effective at year-end 2026. CLOs are one of many private credit assets that life/annuity carriers can and do invest in thanks to their typically greater spread over corporate bonds; the updated framework includes an 11.77% thin-tranche surcharge on below-investment-grade broadly syndicated loan CLOs with tranche thicknesses of 4% or less. Updated treatment for collateral loans and structured credit investments, such as excluding self-liquidating asset-backed securities with embedded asset-liability duration mismatches from the bond definition, will further restrict the capital efficiency of high-yielding asset classes frequently paired with asset-intensive liabilities.

The report illustrates how offshore jurisdictions are adjusting their frameworks in response. The Cayman Islands has submitted an application for Qualified Jurisdiction Status (QJS) with the NAIC; if approved, QJS designation means that Cayman-based reinsurers would be able to work with reduced collateral requirements when transacting with US cedants, which would serve as a potential pathway toward reciprocal jurisdiction status (something that Bermuda already enjoys). Meanwhile, the Bermuda Monetary Authority is consulting on a phased resolution framework for commercial insurers and 'internationally active insurance groups' to enhance crisis management powers.

In Continental Europe, the European Insurance and Occupational Pensions Authority (EIOPA) is finalizing technical guidelines ahead of the Solvency II Review implementation in January 2027. The report says that EIOPA has also focused on proportional reinsurance treaties with loss limits or sliding-scale commissions, requiring ceding companies to perform quantitative tests to prove that capital relief corresponds to actual risk transfer. While the EU has only the Netherlands and Germany offering active PRT markets, nonetheless, EIOPA's tighter stance on structured reinsurance and risk transfer validity will directly impact how insurers in these jurisdictions price large-scale buy-out transactions and manage capital relief.

Elsewhere, the report also highlights the asset-intensive market in Japan. While not a PRT market per se, AIR deals between Japanese cedants and foreign reinsurers have been on the

rise in recent years, thanks to Japanese insurers seeking to offload legacy interest rate risk under the implementation of the country's new Economic Value-based Solvency Ratio regime. In response, Japan's Financial Services Agency has issued updated supervisory guidelines requiring enhanced scrutiny of reinsurer counterparty risk, collateral adequacy, and stress testing around potential recapture scenarios, further reinforcing the global supervisory trend toward tighter cross-border governance.

"Overall proprietary volume has held up more than HECM and now has an approximate 60% share of all reverse mortgage origination. We predict proprietary market share will continue to increase, and HECM market share will continue to decrease, even if combined dollar volume declines"
- Michael McCully, New View Advisors

While the Fitch report details individual regulatory actions - including many others with little to no connection to the PRT market – the updates highlighted here arguably point to a potential broader commercial impact on the PRT space going forward. By addressing counterparty risk, asset quality, and cross-border reserve cessions simultaneously, supervisors are raising the cost of capital associated with third-party reinsurance. For primary insurers, the reduced margin flexibility could encourage a greater reliance on onshore matching assets, while pension schemes may encounter firmer pricing on large-scale de-risking transactions.



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