

The benefits of asset-intensive reinsurance

Primary life insurers are increasingly seeking ways to release capital while still protecting their policyholders. Asset-intensive reinsurance can be a very good way to achieve this, provided key criteria are met. At Resolution Life, we are a leader in this fast-growing segment of the global insurance market, providing bespoke solutions to insurers around the world.

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We often hear from insurers about the challenge of freeing up capital in order to help grow their business and improve their solvency position. At Resolution Life, we have seen that asset-intensive reinsurance (also known as funded reinsurance) can be an effective solution to this challenge, while also providing greater security for an insurer's policyholders.

What is asset-intensive reinsurance and how can it help you and your policyholders?

Asset-intensive reinsurance (AIR) is a specialised form of risk transfer where a reinsurer accepts both the liability and the associated asset risk of long duration insurance products, such as annuities and permanent life insurance, which carry significant investment risk. This benefits both insurers and their policyholders.

For insurers, AIR offers a way to offload capital-intensive assets and long-term liabilities. This freed-up regulatory capital can be redeployed into other growth areas or more capital-efficient products, improving solvency, capital flexibility and financial stability. It also allows insurers to access higher investment returns through reinsurers' expertise in diversified asset management, which in turn helps reduce the risk of funding shortfalls. This translates into improved profits and profit margins.

For policyholders, the benefit is greater financial security, with more stable and reliable long-term commitments, even in volatile market conditions. The underlying collateral posted by the reinsurer ensures the policyholder's benefits remain protected regardless of external events.

Over the past decade, AIR has become an increasingly important part of the global insurance industry, particularly in the US, UK and Japan, among other countries in Asia. These transactions can be structured as one-off reinsurance deals, transferring large in-force portfolios, or as flow reinsurance, covering new business over time. Both approaches provide sustainable long-term value and enhanced policyholder protection.

Key components of a successful asset-intensive reinsurance transaction

Based on our extensive experience, we find that primary insurers get the best results when they consider the following three criteria when choosing a reinsurance partner:

1 Tailored solutions and client-centric approach:

There is no 'one size fits all' approach to funded reinsurance; – at Resolution Life we have never seen two AIR transactions that are the same. To ensure that both the cedant insurer's and the reinsurer's corporate objectives are met and to enhance policyholder protection, the reinsurer must work closely with the insurer on the overall structure, investment guidelines, and security package to develop an optimal balance between risk and pricing. When it comes to collateral structuring, both parties need to invest a lot of time in discussions to ensure they agree on a structure that works for all. Ultimately, AIR should provide sufficient security at a reasonable price.

Resolution Life executed one of the largest US to Bermuda reinsurance transactions with \$26bn of fixed index annuity liabilities reinsured to Resolution Re, our reinsurance platform, and with \$12bn of the reinsured liabilities retroceded to a third party.

In this very complex transaction, we developed a bespoke solution that balanced competing objectives of the cedant, including the need to provide US statutory risk protection while also covering their Solvency II risk needs. Furthermore, we were able to retain the cedant's in-house investment manager to enhance value for them.

"For policyholders, the benefit is greater financial security."

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2 Trust, transparency, and timeliness:

With AIR, an insurer entrusts the promises they made to policyholders, to their reinsurers. This means it is essential to ensure reliable and timely service and ethical practice, as well as maintaining open communication.

Such trust and transparency help foster strong lasting partnerships that facilitate reaching contract agreement in what is often a short timeframe. For example, Resolution closed one of the largest funded reinsurance transactions in the UK. The transaction was motivated by the cedant's desire to diversify its reinsurance counterparty exposures and therefore recapture an existing reinsurance treaty to assign to a new counterparty, for effective risk and capital management. Not only were we able to deliver binding pricing within three weeks of receiving data, but once in exclusivity, we only had an additional three weeks to finalise pricing, the reinsurance agreement, the premium portfolio, and a commonly agreed approach to the collateral model. All of this was done while also simultaneously undertaking structuring conversations and assisting in developing the cedant insurer's capabilities in overseeing third party mandates for illiquid asset classes.

Through this highly collaborative approach to problem-solving and establishing open and honest communication and processes from the start, we were able to meet the key deadlines and deliver a funded reinsurance solution within the extremely challenging timelines.

3 Financial resilience and regulatory adherence:

AIR should be backed by a robust capital base and should demonstrate exceptional financial strength, risk tolerance alignment, and strict compliance with local and international regulations. Reinsurers should also have a defined Board-approved risk appetite and tolerance statement for all relevant types of risk, which articulates the nature and levels of risk that the reinsurer is willing to assume.

Resolution Re is regulated by the Bermudan Monetary Authority and the Colorado Division of Insurance is the domiciliary state regulator for each of our US Business Entities (Security Life of Denver Insurance Company and Resolution Life Colorado, Inc). We consider the spirit, as well as the letter, of local and international regulation such as international updates published and the impact thereof. This has allowed us to complete transactions in multiple jurisdictions around the world in a continuously evolving regulatory landscape.

By incorporating these three criteria into our reinsurance arrangements, we ensure that policyholders are protected, insurers' needs are fully met, and an appropriate solution is created.

"Trust and transparency foster strong, lasting partnerships."

Resolution Life: who we are and what we do

We are a global life insurance group focusing on reinsurance and the acquisition and ongoing management of portfolios of life insurance policies. As pioneers in the in-force insurance sector since 2003, we have more than two decades of specialist insurance knowledge and M&A experience. Since 2018, we have committed more than \$8bn of equity in a wide variety of transactions, while serving the needs of our policyholders and managing more than \$85bn of assets. Diversification, both in terms of geographical markets in which we do business and the types of insurance policy portfolios that we look to acquire or reinsure, has been and continues to be a key part of our strategy.

Following the acquisition of Resolution Life by Nippon Life, which closed in October 2025, the ratings for all Resolution Life Group Holdings' subsidiaries were upgraded. Our reinsurance platform in Bermuda, Resolution Re Ltd. is now rated A2/A+ (Moody's/Fitch) with a positive outlook (Moody's) and a stable outlook (Fitch).

With a proven track record of successful transactions across multiple jurisdictions, we were recognised by Insurance ERM as the 2025 **'funded reinsurance provider of the year'** for the UK and Europe, and as the **'re/insurer of the year'** for the Americas. If you would like to learn more about our work and how we can help you, please contact us at the email address below.

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