



**BDA**

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# BERMUDA THE WORLD'S ALTERNATIVE REINSURANCE CAPITAL

Capital markets and the (re) insurance industries have long had a mutually beneficial relationship. Over the past seven years, this synergy has strengthened and evolved with the establishment of new financial products, including insurance-linked securities (ILS), collateralised reinsurance, industry loss warranties (ILWs) and sidecars. These innovative vehicles have created investment opportunities for fund managers and provided (re)insurance companies with diverse tools to manage risk and increase capacity.

Bermuda is the world's leading domicile for insurance-linked securities (ILS). At Q4 2018, the total volume of catastrophe bonds and other insurance-linked investment vehicles on the Bermuda Stock Exchange (BSX) reached \$30.9 billion—over 80 percent of the world's total.

Bermuda's attraction as a hub for ILS and other alternative reinsurance products includes its large investor base and top-tier expertise in one of the world's largest (re)insurance markets. The Island counts 13 of the world's top 40 international insurers and reinsurers, with global capital assets of more than \$122 billion.

Notably, the jurisdiction is the single most important property and catastrophe reinsurance market, and the largest supplier of catastrophe reinsurance to US insurers; between 2001–17, Bermuda insurers and reinsurers contributed \$65 billion in catastrophe claims payments to US clients. They also provide an estimated 35 percent of capacity for Lloyd's of London—a total of £11.5 billion in 2017. While Bermuda's convergence market is small compared to the traditional re/insurance market, its impact is significant.

## ILS FACTS & FIGURES

- Insurance-linked listings on the BSX reached a value of \$30 billion by Q4 2018
- That amounted to over 80% of the \$37 billion in global ILS volume
- The BSX supports both domestic and foreign ILS listings
- Since 2010, Bermuda Special Purpose Insurers (SPIs) have issued 149 ILS vehicles

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## MARKET STRENGTH

With a highly regarded regulatory framework, sophisticated, 400-year-old British legal system, well-developed infrastructure and global companies with a physical presence, Bermuda maintains a reputation as a blue-chip jurisdiction able to quickly respond to market changes while meeting clients' commercial needs.

## RISK INNOVATION

Bermuda has been at the forefront of risk innovation for more than 70 years. The Island is one of the world's top-three (re)insurance centres, with New York and London, and the leading jurisdiction for captive insurance, with 700 companies generating \$40 billion in annual gross written premiums. The Island's depth of talent has solidified the jurisdiction as a global centre of risk innovation.

## CONVERGENCE

Long respected as the "World's Risk Capital" and the market leader in the alternative investment fund industry, Bermuda is now the ideal location for the convergence of capital markets and (re)insurance. The Island has swiftly emerged as the leader in the creation, listing and servicing of a variety of ILS products, with ever-increasing ILS formations and continued interest in third-party, capital-backed reinsurer start-ups.

A number of fund structures targeting the ILS market operate in Bermuda, and administrators and other service providers are tailoring services to support growing interest in ILS.

## RESPONSIVE REGULATION

The BMA, recognising that speed to market is essential, has over the years developed a thorough, but pragmatic, licensing process. Collaboration among industry participants led to a fit-for-purpose designation in 2009 of the Special Purpose Insurer (SPI) within the BMA's insurance supervisory structure, following passage of the Insurance Amendment Act. The framework ably caters to the creation of cat bonds, sidecars, industry loss warranties (ILWs) and collateralised reinsurance vehicles.

## WORLD-CLASS STOCK EXCHANGE

The Bermuda Stock Exchange (BSX) features a fully electronic trading and settlement platforms and commercially sensible regulation. A member of the World Federation of Exchanges, the BSX provides an important level of confidence to listed issuers and investors. Despite being a small exchange, the BSX prides itself on providing all the services and functions offered by counterparts in New York or London.

## About the BDA

The Bermuda Business Development Agency (BDA) encourages direct investment and helps companies start up, re-locate or expand their business in Bermuda. An independent, public-private partnership, we connect prospective business to industry professionals, regulatory officials, and key contacts in the Bermuda government to facilitate jurisdictional decision-making.

## BDA Business Concierge Service

We offer a Business Concierge Service to partner with companies seeking to establish operations in the jurisdiction. Our team is a single point of contact to connect clients with industry, government, regulatory officials, and services such as realtors, law firms, auditors and relocation experts. Our Concierge Service is also available to established Bermuda companies.

**Considering Bermuda as your base for business?  
Contact us to arrange an initial consultation so  
we can begin to get things moving for you.**

