



# BERMUDA, THE WORLD'S RISK CAPITAL

## INSURANCE & REINSURANCE MARKET PROFILE

Bermuda is one of three leading reinsurance centres in the world, with 15 of the top 40 global reinsurers based in Bermuda. There are over 100 companies with financial strength ratings, many of which are publicly traded insurance companies.

In an increasingly complex and unpredictable environment, the Bermuda market has become known for its ability to deliver risk management products demanded by the world's leading corporations. In so doing, Bermuda firms have supported global industry and commerce.

Bermuda companies have an unparalleled excellence in global risk financing, demonstrated in our breadth of products, depth of experience and our financial strength and stability.

## TOTAL SOLUTIONS

Bermuda has a robust insurance and reinsurance market. Its uniqueness is that the Island is a one-stop-shop for risk management solutions. Unlike other domiciles, Bermuda has established markets in three key sectors—captives, insurance and reinsurance. New companies continue to form, capital and surpluses grow steadily, and the capacity available to the buyer continues to increase.

## CONTRACT CERTAINTY

Since the liability crisis of the mid-1980s through to Super Storm Sandy, Bermuda market companies move quickly to settle and pay claims from existing capacity and to create new capacity to meet future needs. A 'Contract Certainty Code of Practice' was developed by the Association of Bermuda Insurers & Reinsurers (ABIR) and the Bermuda Insurance & Reinsurance Brokers Association (BIRBA) in 2008, demonstrating Bermuda's commitment to international best practices and serves to protect the interests of both (re)insurers and (re)insureds.

## RISK INNOVATION

Bermuda's risk management industry mostly developed the captive concept during the 1960s. The same ability to innovate and be creative continues today.

In response to challenging economic times and catastrophic events the Bermuda market continually launches innovative insurance and reinsurance products and provides much-needed capacity. During the excess liability insurance market crunch in the 1980s, ACE and XL were formed to provide solutions that grew the market. The '80s also saw the creation of segregated account companies out of Bermuda.

In the 1990s, Bermuda reacted to the collapse of reinsurance capacity to cover hurricane risks post-Hurricane Andrew by creating several new and highly capitalised catastrophe reinsurance companies. Many other (re)insurance companies were established in response to the World Trade Center terrorism attacks and post-millennium hurricanes Katrina, Rita, Wilma and Ike.

## ILS LEADER

The accumulation of reinsurance expertise combined with Bermuda's successful alternate investment fund industry has now made Bermuda the lead jurisdiction for the convergence of capital and (re)insurance markets. More than half of the world's Insurance-Linked Securities (\$16 billion) are now listed in Bermuda.

## SENSIBLE REGULATION

Bermuda's reputation has been earned over decades due to sound regulatory practice. The Island's regulator, the Bermuda Monetary Authority, is committed to enhancing and protecting Bermuda's reputation as a world-class financial centre. Bermuda's approach has always been to provide the appropriate level of oversight and supervision while continually enhancing regulation in accordance with global standards.

## BERMUDA CARRIERS FACTS:

- paid \$22 billion to rebuild the US Gulf and Florida coasts after the hurricane seasons of 2004/2005;
- paid nearly 30% of the insured losses from Hurricanes Katrina, Rita and Wilma;
- covered 22% of the theoretical \$1B market loss for the 2009 Air France crash;
- paid 51% of reported liabilities from the 2010 New Zealand earthquake;
- paid 37% of Chile's 2010 earthquake;
- covered 29% of the reported liabilities for the international reinsured share of the 2011 Japanese earthquake;
- covered 50% of the reported losses for the 2012 Costa Concordia cruise liner sinking;
- support 25% of the US medical liability insurance and reinsurance market;
- Contributed \$35 billion between 2001–12 to US catastrophe losses.

## THE BERMUDA REPUTATION

### Government Assurance

The Minister of Finance has granted assurance to Bermuda companies that no income, dividend or capital gains taxes (should any be enacted) will apply to corporations or individuals until at least 2035.

### Legislative Enhancements

The Government of Bermuda has implemented a variety of legislative amendments aimed at encouraging companies to establish a presence on the Island. The Government of Bermuda is fully committed to working with the business community to make doing business in Bermuda easier and more efficient.

### Legal System

The Island's judicial system is based on English common law with final right of appeal to the UK Privy Council.

### Sensible Regulation

The Bermuda Monetary Authority (BMA) is internationally recognised for its pragmatic, risk-based approach to regulation. It maintains quality jurisdictional standards by continually re-engineering Bermuda's regimes to ensure alignment with relevant evolving global standards.

### Infrastructure

Bermuda has secure, modern and world-class physical and technological infrastructure including excellent telecommunications, broadband and a fully electronic Bermuda Stock Exchange.

### Launch and List

The Bermuda Stock Exchange lists over 350 Bermuda and international fund structures. Through the Launch and List Programme, time to listing and market, is significantly reduced.

### Intellectual Capital

Globally, Bermuda is a significant supplier of insurance and reinsurance. Collaboration between senior insurance and asset management executives has led to the creation of the innovative Insurance Linked Securities (ILS) product.

### Ideally Located

With close proximity to Europe and less than two hours from New York City, Bermuda offers the added benefit of US Customs pre-clearance to make business travel time-effective.

### Quality of Life

Bermuda has a high standard of living, excellent education and healthcare, a temperate climate, and sub-tropical physical beauty including world-famous beaches, golf courses and the world's most northerly coral reefs.

## GLOBAL STANDARDS

The European Union (EU) and the BMA have signed a Cooperation Agreement regarding the Alternative Investment Fund Managers Directive (AIFMD). These cooperation agreements are a key element in effective supervision of non-EU AIFMs and are a pre-condition in allowing non-EU AIFMs access to EU markets or to perform fund management activities on behalf of EU managers. As part of its AIFMD compliance initiatives, the BMA aims to develop an opt-in regime to enable Bermuda-based AIFMs to maintain seamless operations across the European market.

The BMA is a full member of the International Organization of Securities Commissions (IOSCO), and a founding member of the International Association of Insurance Supervisors (IAIS).

Bermuda was the first offshore jurisdiction elevated to the Organisation for Economic Co-operation and Development's (OECD) "White List" category. The OECD's most recent assessment rated Bermuda favourably on international standards of tax transparency (the same level as the US, the UK and Germany).

The Island is also recognised for its leadership within the OECD Global Forum and Financial Action Task Force (FATF) for its robust KYC, AML and ATF controls.

Bermuda has 41 signed bilateral TIEAs and over 60 multilateral TIEA partners through Bermuda's recent adoption of the Multilateral Convention on Mutual Assistance in Tax Matters. In December 2013, post G20 meetings, the Financial Stability Board affirmed Bermuda as having sufficiently strong adherence to regulatory and supervisory standards on international cooperation and information exchange standards.

Bermuda is a member of the Group of International Finance Centre Supervisors.

The Bermuda Stock Exchange (BSX) is a full member of the World Federation of Exchanges, and an affiliate member of IOSCO. It is recognised by the SEC as a Designated Offshore Securities Market; the UK FCA as a Designated Investment Exchange; the UK HM Revenue & Customs as a Recognised Stock Exchange; and most recently has been designated by Canada's Ministry of Finance.

Bermuda has signed Model II Inter-Governmental Agreements (IGAs) with both the US and the UK under the Foreign Account Tax Compliance Act (FATCA). Under this arrangement, Foreign Financial Institutions (FFIs) registered in Bermuda have direct control over the information collected and reported to the IRS. Switzerland and Japan have also elected the Model II IGA route.

## ABOUT THE BDA

The 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. To learn more about Bermuda as a world-class financial centre or connect with a BDA representative, go to [bda.bm](http://bda.bm).



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