

**Bradley Kading**

**Association of Bermuda Insurers and Reinsurers**

**[www.ABIR.bm](http://www.ABIR.bm)**

# *Bermuda's Insurers: Meeting Global Market Needs*

Geneva Association International Seminar  
April 2008



# *Outline*

- **Bermuda market statistics**
- **Why Bermuda**
- **Bermuda regulatory update**
- **European and US market access issues**

# *Association of Bermuda Insurers and Reinsurers*

- **22 Class 4 Companies**
- **Highly capitalized, distinct regulation**
- **\$56 B GWP, \$64 B Surplus (YE 2006)**
- **Headquarters in Bermuda with operations in Bermuda, the US and Europe**
- **Worldwide business enterprises**
- **1,700 employees in Bermuda; 9,600 US; 17,000 worldwide**

# *World Wide Rankings*

- **AM Best top 35 reinsurers:\***
  - Bermuda 15 of top 35
  - Europe 11 of top 35; US 4 of top 35
- **Standard and Poor's reinsurer rankings:\***
  - Bermuda 13 of the top 40
  - More than either Europe or the US
  - Bermuda 3 of top 10 P/C reinsurers
- **Benfield top 20 P/C Reinsurers\***
  - Bermuda 7 of the top 20
  - Tied with Europe for 7 of the top 20

\*2006 reports

# *Bermuda Expertise*

**High severity, low frequency business:**

- **Property catastrophe**
- **Excess casualty**
- **Directors and officers**
- **Employment practices liability**
- **Energy**
- **Health care liability**

## *Class 4 Market Impact*

- **Largest property cat reinsurance market**
  - **Supplies 40% of the US and EU market**
- **Growing casualty market:**
  - **3 of the US top 10 professional liability**
- **Supply 25% of US medical malpractice**
- **Supply 25% of Lloyds 2007 capacity**
- **Supply 25% of US reinsurance market**
- **Supply 27% of EU reinsurance market (broker)**

# *Market Diversification Reinsurance\**

- **AM Best, top 10 groups 72% of market**
- **Europe's largest reinsurer is 4 times as big as Bermuda's**
- **Growth of Bermuda leads to market diversification**
- **Good for the cedents**
- **Bermuda carrier growth leads to market choice, less concentration**

\*AM Best Reinsurance Report, August 06; Standard and Poor's 2006 Report

# *Conning Research*

**Bermuda as “Silicon Valley” of insurance innovation development:**

**“In 2006, it appears possible that Bermuda may have developed many of the cluster effects of Silicon Valley in the 1990s.”**

**“Bermuda is the place where many of the world’s most astute investors and many of the world’s most experienced underwriters of property-casualty risk come together. Put another way, Bermuda is where the capital markets and the market for insurance and reinsurance talent most closely intersect.”**

## *Why Bermuda?*

**Create your company in Bermuda to be part of a thriving, entrepreneurial center of excellence in the insurance business!**

# *Why Bermuda?*

- ***Efficient, focused, informed* regulation:**
  - **You won't avoid solvency regulation--**
    - **You will be regulated to meet IAIS international regulatory standards**
    - **Bermuda's committed to regulation appropriate to the wholesale market**

## *Bermuda – Foundation for success . . .*

- **Entrepreneurial spirit**
  - **Support of capital markets**
- **Diverse, talented underwriting pool**
  - **Center of excellence, sparking from diversity**
- **Supportive government**
  - **British foundation, responsiveness**
- **Reputation for integrity**
  - **Smallness helps**

## *How does Bermuda regulation work to serve this market?*

- **Enabling legal and regulatory framework**
- **Regulation geared to wholesale market**
- **Efficient licensing process—**
  - **Six weeks; Four months; Seven years +**
- **Awareness of the critical nature of timeliness of these transactions**

## *How does Bermuda work to meet market needs:*

- **Convenient center for a global platform:**
  - **Unique location**
- **Efficient tax system**
- **International regulatory standards**

## *Environmental Change:*

- **EU reinsurance directive**
- **EU Solvency II**
- **US collateral alternatives**
- **US federal regulation debate**
- **US property cat and tax debate**
- **IASB and international accounting standards**
- **Bermuda's Class 4 regulatory recalibration**
- **Bermuda's commitment to international standards**

# *Class 4 Regulatory Recalibration*

- **Distinctive, heightened regulatory standards**
- **Commitment to IAIS core principles**
- **Risk based capital**
- **Stress and scenario testing**
- **Public financial statements**
- **Human resources**
- **Risk based financial examinations**

## *2008 Work to Come:*

- **Economic capital modeling**
- **Group supervision**
- **Class 3 review**
- **Regulatory equivalency US (collateral)**
- **Regulatory equivalency EU, reinsurance and Solvency II**

# *ABIR Members*

- ACE
- Allied World
- Ariel Re
- Arch
- Aspen
- Axis
- Catlin
- Endurance
- Flagstone Re
- Harbor Point
- Hiscox
- IPC Re
- Lancashire
- Max Capital Group
- Montpelier Re
- New Castle Re
- Partner Re
- Platinum Re
- Argo Group
- Renaissance Re
- Validus Re
- XL Capital

# *ABIR Contacts*

**Bradley Kading**  
**President and Executive Director**  
**202-783-2434**  
[Bradley.Kading@ABIR.bm](mailto:Bradley.Kading@ABIR.bm)  
**Washington, DC**

**Leila Madeiros**  
**Assistant Director and Corporate Secretary**  
**441-294-7221**  
[Leila.Madeiros@ABIR.bm](mailto:Leila.Madeiros@ABIR.bm)  
**Hamilton, Bermuda**

[www.ABIR.bm](http://www.ABIR.bm)  
[www.ReinsuranceBermuda.com](http://www.ReinsuranceBermuda.com)

**Bradley Kading and Leila Madeiros**

**Association of Bermuda Insurers and Reinsurers**

