



## **Bermuda Insurance Industry Creates Over 95,000 US Jobs**

### **New Study Shows US\$ 90 Billion Contributed to US Economy in Recent Years**

**Washington, Nov. 29, 2007** — International insurance and reinsurance companies based in Bermuda employ over 9,000 Americans and indirectly generate an estimated 95,045 jobs in the US, according to a new study released today by the industry.

The study, by the Association of Bermuda Insurers and Reinsurers (ABIR), reported that US operations of Bermuda's 23 major insurance carriers employ approximately 9,600 Americans. In addition, the industry estimated that 14,287 jobs in the US finance, real estate and insurance brokerage sectors, among others, were indirectly created by Bermuda firms in 2005.

Because these are generally high paying industries, the insurance sector also generates a large induced effect across a variety of mostly service industries leading to the creation of an additional 80,755 jobs, said the study.

#### Impact on National and Regional Economies

ABIR's study, "Analysis of the US Economic Impact of Bermuda Based Insurers and Reinsurers," also reported that Bermuda firms contributed approximately US\$ 92.5 billion to the US GDP from 2002 to 2005.

"Bermuda firms accounted for US\$ 28.1 billion in 2005," said the study, "but given their role in reinsurance and property and catastrophe lines, they (Bermuda firms) may account for as much as US\$ 96 billion of the gross output for the U.S. insurance market" said the ABIR study.

Specializing in catastrophe insurance coverage, the Bermuda carriers have funneled billions of dollars of property insurance claims payments to homeowners and businesses in the wake of natural disasters such as Hurricane Katrina. These dollars have helped stabilize regional economies by helping victims of natural disasters in hard-hit coastal regions rebuild and return to work.

Elsewhere in the US economy, Bermuda firms play a key role in supporting American farmers. A major portion of the crop insurance coverage in the Great Plains and Midwestern states comes from Bermuda.

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### Key Economic Findings

Key findings of the ABIR report highlighted the industry's overall contribution to US economy. In 2005, alone, Bermuda firms:

- Employed 9,600 Americans directly in the United States and indirectly generate an additional 95,045 jobs
- Paid \$17 billion in property claims in 2005 for hurricane damage, representing 25% of the total property damages covered
- Helped rebuild 87,042 homes (based on median home values), – 45,419 homes in Louisiana and more than 24,000 homes in Mississippi
- Helped over 14,000 workers return to their jobs with assistance from Bermuda insurers -  
- 9,564 in Louisiana, and 4,607 in Mississippi

ABIR's 23 member-firms commissioned the study to measure their contributions to the US economy in recent years. These firms account for 40 percent of the hurricane and earthquake reinsurance coverage and more than 25% of the US general reinsurance market. Bermuda insurers protect four out of 10 US homes and businesses in natural disaster prone states, and write crop insurance that supports nearly 200,000 farms in seven Midwestern and Great Plains states

### Benefits to Coastal States, US Economy

"Floridians are pummeled on a regular basis by hurricanes. We know full well the support our insurance market receives from Bermuda insurers and reinsurers," said Rep. Don Brown of the Florida state House of Representatives and Chairman of the House Insurance Committee. "We need these carriers and their capacity – they write business other insurers don't want to write."

In Louisiana, another hard-hit state, Insurance Commissioner Jim Donelon noted that Bermuda firms paid over US\$ 8 billion in residential and commercial losses from Hurricane Katrina. Those payments included US\$ 4.7 billion in business interruption claim payments to help return Louisiana residents to their jobs and rebuild the state's economy. "Coastal states are dependent on capital from all over the world to protect our people – Bermuda insurers provide a big share of that needed capital," he said.

Commenting on the economic impact of Bermuda-funded insurance, Bradley Kading, President and Executive Director of ABIR, said: "Our members provide needed insurance coverage in

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volatile lines of business that protect homes and businesses, thus providing critical support to the US economy. The globally-oriented Bermuda firms' specialization in commercial insurance and reinsurance is critical to the successful risk management that sustains economic growth in the world today. Insurance and reinsurance are not static tools but rather integral parts of a flexible system that has allowed the U.S. economy to distribute risk globally and thus recover

from significant catastrophes over the past few years more quickly and with nominal economic disruption.”

A copy of the report is available at <http://www.abir.bm/downloads/ABIREconomicImpact.pdf>. The report was authored by GSP Consulting, a Pittsburgh-based economic policy research practice established in 2001 that serves public and private organizations.

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#### **About ABIR**

The Association of Bermuda Insurers and Reinsurers represents the public policy interests of Bermuda's 23 major international insurers and reinsurers. These companies write approximately 18 percent of the world's reinsurance premium, employ more than 17,000 globally and hold aggregate capital in excess of \$64 billion.

#### Media contacts:

Washington    Mike Hotra/ William Pierce  
                    APCO Worldwide  
                    202 -778 -1000

New York:        Pen Pendleton  
                    The Abernathy MacGregor Group, Inc.  
                    212 -371-5999