Bermuda

THE BERMUDA MARKET

Bermuda holds a key position in the global insurance and reinsurance industry.

Up until the 1980s the Bermuda market was almost entirely focused on captives and many new mechanisms were developed to expand their use. Group captives were created to enable smaller companies, and those with similar interests, to benefit from greater control over their insurance programs by pooling their risks. The rent-a-captive concept was created in the 1970s to enable smaller firms to benefit from managing their own risks.

In the mid-1980s large U.S. corporations were finding it difficult to buy excess liability insurance. In response, new companies were formed to offer specialized coverages. Later, after Hurricane Andrew hit in 1992, Bermuda received an influx of over $4 billion in capital to form an additional seven property catastrophe reinsurers.

The year 2001 was another turning point, with over 108 new companies formed, both captives and commercial insurance companies. In the wake of the terrorist attack of September 11, 2001, the year saw the raising of significant new capital to replace the billions that left the market. Bermuda was the location for more than half of the new capital that flowed into the reinsurance market.

Regulation

Bermuda?s insurance regulation is designed to facilitate the creation of companies and insurance products while ensuring the companies operate responsibly within specific margins of solvency. The Insurance Act 1978 requires registration of all insurers, reinsurers. A website maintained under the auspices of The Insurance Advisory Committee, a statutory body functioning under Bermuda's 1978 Insurance Act provides further information on the market at http://www.bermuda-insurance.org/ [1]

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