



# Bermuda

## The island of innovation

### COUNTRY PROFILE

**LOCATION:** North America, group of islands in the North Atlantic Ocean, east of South Carolina (U.S.)

**POPULATION:** 65,365 (July 2005 est.)

**CAPITAL:** Hamilton

**GOVERNMENT TYPE:** Parliamentary British overseas territory with internal self-government

**EXECUTIVE BRANCH:** Chief of State Queen Elizabeth II, represented by Governor Sir John Vereker

**POLITICAL PARTIES AND LEADERS:** Progressive Labor Party (PLP) William Alexander Scott; United Bermuda Party (UBP) Grant Gibbons

**INDUSTRIES:** Tourism, international business, light manufacturing

**ECONOMY - OVERVIEW:** Bermuda enjoys one of the highest per capita incomes in the world, nearly equal to that of the U.S.

**GDP - PER CAPITA:** Purchasing power parity - \$36,000 (2003 est.)

**GDP - COMPOSITION BY SECTOR:** Agriculture: 1%, industry: 10%, services: 89% (2002 est.)

**GDP - REAL GROWTH RATE:** 2% (2003 est.)

Source: CIA The World Factbook

▶▶▶ A STRATEGIC LOCATION AT THE CROSSROADS OF THE U.S. AND EUROPE, WORLD-CLASS INFRASTRUCTURE AND KEEPING ONE STEP AHEAD WITH FLEXIBILITY AND QUALITY HAVE PUT BERMUDA ON A PAR WITH NEW YORK AND LONDON AS A SOPHISTICATED INSURANCE CAPITAL

## A jurisdiction of choice for business and tourism

Celebrating its 500th anniversary this year, Bermuda has much to be delighted about as the world's attention is increasingly drawn to this small archipelago. In recent years the island has transformed itself into a world-class blue-chip financial center; it enjoys one of the highest per capita incomes in the world, is home to 75% of Fortune 500 companies and has become a global leader in high-stakes risk financing. With a government intent on remaining at the cutting edge of international business services and ensuring that Bermudians share in the opportunities this provides, continued economic prosperity seems assured.

Tourism and financial services make up the bulk of the country's economy, accounting for more than 70% of GDP. Just a two-hour flight from New York, Bermuda has capitalized on its strategic location at the crossroads

of Europe and America by implementing an efficient and business-friendly environment that has propelled the island to fame as the world's risk capital.

Over 50 years of servicing the international business community has contributed to the development of a world-class service infrastructure. Bermuda boasts top international legal firms, as well as reputable accounting firms and a strong banking system. Add to this state-of-the-art communications systems and high intellectual capacity and Bermuda has everything that international business leaders need and some things that they don't - an idyllic setting, splendid golf courses and a lovely mild year-round climate.

Already a world leader in the insur-



ance/reinsurance industry and the global leader in the captives industry (this self-insuring mechanism was first established on the island in the early 1960s), Bermuda is now flourishing as an up-and-coming center for investment funding (i.e. hedge funds), as well as taking the lead in establishing itself as the digital heart of the Atlantic.

"Business leaders have said that if Bermuda hadn't existed, they would have created it," comments Premier Alexander Scott. "We offer an ideal location, environment, and infrastructure. Within a six-block radius people can do more business than if they were jetting around the world. We have all the support and amenities that you would expect to find in London,

New York or any of the other major business centers. And here you can play golf when you have finished your work."

Bermuda has a well-deserved reputation for the integrity of its financial regulatory system, which is a result of continual efforts by the government to meet and exceed international financial standards. The Bermuda Monetary Authority, the independent body responsible for monitoring its financial sector, emphasizes transparency and rigorous entry controls. In addition, Bermuda's tradition of strong public-private relationships has allowed the island to remain at the forefront of developments in the global financial sector.

Minister of Finance Paula Cox states, "I think the challenge we have overcome despite our small size is the fact that we are prepared to be competitive, to seek to reinvent ourselves and to also continual-

ly raise the bar. This is helped to a large extent by the relationship between the government and the private sector."

Another of Bermuda's strengths lies in its beauty. An ideal location for corporate conferences, the island is set amongst coral-colored beaches and turquoise waters, and offers eight golf courses and gracious hospitality. The Ministry of Tourism and Transport is working to raise the number of air arrivals to 400,000 within the next three years and to promote the island as a golf and spa destination during the winter months. Minister Dr. Ewart Brown comments, "Bermuda is special, especially for our North American visitors, because it is so close. I travel all around the world but when I return to Bermuda, I am always reminded of what Mark Twain said - 'You can go to heaven if you want to, I'll stay in Bermuda.'"

Contrary to popular belief, Bermuda is not an offshore banking center. Neither is it located in the Caribbean.

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FROM ISOLATED ISLAND TO THE THIRD MOST IMPORTANT FINANCIAL CENTER IN THE WORLD

## The Bermuda story: rise of a global capital

Creating a dynamic industry with a successful model that many aim to copy demonstrates the importance of Bermuda's influence as the world's risk capital.

BERMUDA TODAY holds the world's foremost captive market and third-largest reinsurance market. More than 1,200 of the world's insurance and reinsurance companies are based there, which boast a combined \$170 billion in assets, in excess of \$80 billion in capital and surpluses, and generate more than \$90 billion in gross annual premiums. A series of unfortunate events, as it goes with the insurance sector, has led to the emergence of such a successful and dynamic industry on the island that it has inspired copies around the world of what has come to be known as the 'Bermuda Model'.

One of the Bermuda industry's greatest strengths stems from the strong financial regulatory system in place on the island. Designed with the intention of striking the right balance between high international standards and the creation of an enabling environment, Bermuda has aimed to create enforceable regulations that attract the right kind of business to the island and keep it there. Chairman and CEO of the Bermuda Monetary Authority Cheryl-Ann Lister says this mindset has been guiding the development of the financial sector since the 1940s. She comments, "We have always been about quality rather than quantity, and we have done everything possible to build up an infrastructure that supports that quality. At the end of the day, we are open to business and we welcome anyone who is willing to meet that quality criteria and ensure our reputation is protected."

Although Bermuda's insurance industry dates back to 1784 when the Bermuda Assurance Company issued a marine cargo policy, the first real breakthrough in the island's sector came in the 1960s when Ohio businessman Fred Reiss invented the concept of the captive, a new type of self-insurance vehicle that would

put Bermuda on the world's insurance map. Captives allow for individual companies or groups of linked companies to retain their own insurance-related profit through the creation of insurance companies to insure or reinsure the risks of its parents and affiliates. Mr. Reiss formed his captive management company IRM (International Risk Management Limited) in Bermuda in 1962, thus creating a new industry which continues to be a mainstay in many state-of-the-art risk management programs and counts more than



After the 9/11 attacks, Bermuda's resilient and resourceful industry came into its own.

4,000 companies among its ranks today. Bermuda's insurance sector grew again in the mid-eighties when demand for excess liability from large U.S. corporations resulted in the formation of companies like ACE and XL, today global leaders with combined assets of over \$70 billion. ACE was formed by 34 American companies that contributed an initial capital of over \$200 million. By 2002, ACE had more than \$43 billion in assets and wrote nearly \$13 billion in gross premiums. It also had authority to operate in

140 countries. XL was formed in 1986 and by 2002 had assets of \$36 billion and was writing \$9 billion in premiums.

When Hurricane Andrew hit in 1992 it formed the catalyst for the third wave in Bermuda's insurance industry's growth. Over \$4 billion in capital flowed into Bermuda during the summer of 1993, and an additional seven property catastrophe reinsurers were formed. Of these, Renaissance Re is the only key player still operating today. From 1995 to 2000 Bermuda's growing insurance companies expanded and diversified, establishing their global presence and increasing their product portfolios.

After the Twin Towers fell in 2001, the Bermuda insurance industry saw its next and fourth wave of growth. Although Bermudian companies bore nearly \$5 billion of the total \$40 billion in 9/11 claims, they had managed to raise an additional \$8 billion in new capital by the following spring. Even more remarkable was the influx of new insurers and reinsurers to the island - eight new companies were formed by Christmas of 2001. In the end, more than two-thirds of the \$25 billion in new capital injected in the global insurance industry following the 9/11 attacks went to Bermuda - unequivocally establishing the island as a global capital markets leader. By 2004, the post-September 11th companies, among them Allied World, AXIS, and Endurance Specialty, were already earning a combined annual premium income of \$9.5 billion.

Today Bermuda boasts a comprehensive industry that maintains its key position worldwide through the excellence of its companies and products. Along with Bermuda-based giants such as ACE, XL, Max Re, and Renaissance Re, the island is also home to numerous subsidiaries of global companies such as AIG, Swiss Re, and Zurich. Bermuda also boasts all the major brokers - Marsh, Aon, Willis and Benfield all have a presence on the island, as well as a number of smaller local brokers.

**It's about strength and commitment**

For most it takes discipline. Global insurers and reinsurers who can go the distance must be able to consistently overcome the unexpected. At Allied World Assurance, we can and we do. We write reliably profitable business because we recruit professionals of exceptional talent. We maintain an A+ rating because we are solidly backed. And we continue to grow because our customer relationships are built on service and mutual benefit. In property, casualty and reinsurance, Allied World Assurance is the kind of company you want on your side.

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# Bermuda

INTERLINKED WITH THE COUNTRY'S HISTORY AND REFLECTING ITS GROWTH

## One of the greatest success stories in worldwide insurance history

**ACE Limited jumpstarted the development of Bermuda's insurance industry, leading it to its current position today as the world's risk capital.**

AS ACE LIMITED celebrates its 20th anniversary this year, an outstanding 2004 has given the Bermudian insurance pillar extra reason to celebrate after net income topped \$1 billion to underscore the company's remarkable success. Since its foundation in the mid-eighties, it has evolved from providing two specialty lines of business to becoming one of only a handful of truly worldwide property and casualty insurers and reinsurers. Today ACE is a global player with a presence in over 50 countries and a full spectrum of covered risks, boasting an unparalleled geographic and product diversity and employing over 8,000 staff.



**BRIAN DUPERRÉAULT**  
Chairman of Ace Limited

Established in 1985 by a consortium of Fortune 500 companies to provide hard-to-find excess liability coverage, ACE channeled its growth strategy into product diversification and acquisitions. According to Chairman Brian Duperreault, a series of acquisitions between 1995 and 2000 provided the company with its global reach while expanding its product portfolio. "It's really been in the last ten years that we have

grown our product line. We made a decision in 1994 to widen our focus so we started developing new capabilities, selling more products to existing clients and increasing capital. Then we started to acquire, highlighted by the 1999 purchase of CIGNA Corporation," he explains. ACE increased its product base through bringing together a variety of distinct companies, each with its own product focus and geographical scope. The acquisition of CIGNA represented ACE's largest coup — upping staff members from 600 to 8,000 overnight and substantially increasing the company's global presence. "With our six previous acquisitions we were a decent-sized company, but still relatively small," says Mr. Duperreault. "But the 600 staff members we did have were all top quality people and that allowed us to make that next huge leap in the CIGNA acquisition. I think that our patience and perseverance in not settling for second best gave us the potential, and we seized the opportunity."

One of the greatest success stories in the history of the insurance industry worldwide, ACE now boasts an investment portfolio of \$28.5 billion. ACE Limited trades on the New York Stock Exchange, and with assets of more than \$49 billion it is covered by most of Wall Street's major security houses.

An icon of Bermuda's internationally renowned insurance industry, ACE has had considerable influence on the development of the island's insurance sector and on the new wave of companies that set up there after September 11th and fashioned themselves on the ACE model of diversified product lines and broader geographical bases. Mr. Duperreault expects that other Bermudian companies will continue to follow suit. "When compared to other Bermuda companies, we are the largest and we have the most diversified portfolio, which I think has been an evolutionary process. More than 75% of our business is direct and only 15% is reinsurance, while most companies here are probably the other way around. We are also more diversified geographically. I would certainly expect some of the other companies to expand both in product line and geographical location. Bermuda



Boasting an impressive investment portfolio of \$28.5 billion, ACE Ltd trades on the New York Stock Exchange and is covered by most of Wall Street's major security houses having accrued assets of more than \$49 billion.

is a wonderful place to do that; it is probably the ideal place to have a global insurance operation."

Now well positioned to service both multi-national and local market needs, ACE is free to pursue its core vision — to excel as profitable underwriters, man-

aging the evolving risks of large and medium-sized companies with a full range of products.

The company intends to continue to capitalize on the latest product and market opportunities in property and casualty insurance, and also

use efficient and innovative distribution channels to provide accident and health, personal lines and life coverage to individuals. Moreover, ACE's strong balance sheet provides a sound financial foundation for its continued growth.

DOCUMENTING SUCCESSFUL GROWTH SINCE 1990

## XL Capital Ltd evolves and expands with new strategies

**XL's new plan is for organic growth focusing on the three C's: capital management, cycle management and cultural development.**

XL CAPITAL Ltd was established in Bermuda in 1990 and since then it has grown from a small company offering one line of business to a global operation with offices in 90 locations in 30 countries and employing more than 3,300 people. Managing client risks for over 15 years, XL companies have become a trusted partner for many of the world's largest industrial, commercial, professional service

firms, insurance companies and other enterprises. XL's clients rely on them for their insurance, reinsurance and financial products and services needs. Despite a number of hurricane catastrophes in Florida and the disaster wrought by the Indian Ocean tsunami, net income for the company in 2004 topped the \$1 billion mark for the first time. Total revenue also increased last year by an astounding 25% and assets grew by 19% to a total of \$49 billion.

Today, XL has shifted its focus from the expansion-through-acquisition strategy of the 90s to one of organic growth. According to President and CEO Brian O'Hara, the new corporate strategy is based on three core elements which he identifies as the three C's — capital management, cycle management and cultural development. Through disciplined underwriting, the company intends to maintain its superior financial strength ratings and strong capital position while working to rein in price volatility. It will also continue to foster a transparent corporate culture that conveys the company's underlying values.

"There are two fundamental aspects to a large commercial risk-taker, the first of which is capital. Companies must have substantial capital and a high credit rating to respond to major events. The other aspect is intellectual capital. We put a lot into developing our people. We currently have three training programs running that continuously upgrade the knowledge and skills of our employees so they can better understand our customers'

needs," he says. He adds that respect, along with ethics, excellence, teamwork and development, are the company's core values. "Customers will want to do business with people they respect and who have integrity. We think that, in time, these attributes will be meaningful to our customer's decision-making in who to do business with."

In the medium term, XL sees continuing opportunities in the U.S. primary casualty market, where it has been operating since 2003. It has also targeted new opportunities in the U.S. middle market professional liability and in European liability. Although XL has had a European presence since 1990, the company's acquisition of Winterthur in 2001 gave it a much broader footing throughout the continent. "We have been doing business in Europe for some time, going back to our Dublin office in 1990," says Mr. O'Hara. "We made progress there but we knew that to really have a presence in Europe, we had to acquire a company with a substantial European platform. We did so by purchasing Winterthur International, a large commercial account property and casualty insurance business, in July 2001."



Global headquarters of XL Capital Ltd., XL House includes an artificial reef echoing its magnificent ocean surroundings.

The XL Capital group of companies is comprised of three main operating segments — insurance, reinsurance and financial products and services. The insurance segment, XL Insurance, encompasses our property and casualty insurance business, and offers commercial property and casualty insurance products primarily in Europe, North America and Bermuda. The reinsurance segment, XL Re, is organized on a geographical basis, reflecting the locations of the insurance and reinsurance companies that purchase property, casualty and life reinsurance coverage. XL's financial products and services segment, XL Financial, comprises financial guarantee insurance and reinsurance, institutional life and annuity products, as well as weather and risk management.

## PROGRESS. NOW INSURED LOCALLY.



The history of the world is the history of progress. Progress in the face of risk. Progress achieved by people with bold ideas and unwavering confidence.

We don't come to work in the morning just to write policies. We come to work to have an impact by taking on risks that others won't. This is what makes us different.

The ACE Group was founded in 1985 to provide Excess Casualty and D&O coverage at a time when other carriers would not. Twenty years later, ACE is one of the world's leading global commercial property and casualty companies with offices in more than 50 countries and the authority to conduct business in 140. We are A+ rated by Standard & Poor's and A.M. Best as well as a component of the S&P 500 stock index.

ACE is in the business of working with global and national clients on a local level all over the world. We provide specialized coverages in marine, aviation, property, energy, directors and officers, construction, mortgage disaster liability, casualty, and accident and health.

We thrive on creating innovative ways to insure revolutionary ideas. That's the reason people want to work with us. Risk does not scare us. It inspires us to work even harder.

Because we know that when we take on the responsibility of risk, our clients can take on the responsibility of innovation, accomplishment and change.

In a word, progress.



**ace group**

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INTERVIEW WITH BRIAN O'HARA

## "We get the most mileage out of capital return, which is essential to this industry"

PRESIDENT and Chief Executive Officer of XL Insurance Limited since 1986, Brian O'Hara has nearly five decades of experience in the global insurance industry. Here he reflects on Bermuda as the world's risk capital, industry standards and the future after September 11th.

**What makes Bermuda the world's risk capital?**

Today Bermuda is an important player in the world's insurance and reinsurance markets. It's the ideal headquarters for a global organization as it has a neutral position in the world. We aren't really American, Continental or the U.K., but we operate in all of those places. We are a gateway to the rest of the world. We treat capital more efficiently, providing large amounts of risk capacity and getting the most mileage out of capital return, essential to this industry. Add technical infrastructure and a highly skilled workforce and it all comes together as a natural center for a large risk business.

**How does the Bermuda industry rate by international standards?**

Bermuda is less vulnerable to insolvent-



**BRIAN O'HARA**  
President and CEO XL Insurance Limited

cies than almost any other jurisdiction because property/casualty companies require more capital and a high rating to do their business. In other jurisdictions you can do business under the regulatory regime with a BB or BBB rating. In the property/casual-

ty business, if you get below A, you are out of business — no one will give you premium for risk. The majority of large companies here are publicly held and have to satisfy the Securities and Exchange Commission.

**After 9/11, the U.S. President invited both you and Mr. Duperreault from ACE to Washington, along with all the captains of the industry. What was the main purpose of this visit?**

I was among a group of CEOs from the property/casualty business. We were there to discuss the magnitude of losses affecting the industry and how we were going to respond. This was how TRIA (Terrorism Risk Insurance Act) began. I believe, in light of the July attacks in London, that TRIA will be renewed in the future. We need a backstop against future attacks, in particular for nuclear, biological and chemical losses, which are uninsurable. At a recent meeting of 35 (re)insurance CEOs, I asked who thought there would be another major attack on the U.S. in the next five years, and almost everyone raised their hands. There is no question that now is the time to address this issue.

# Bermuda

CLASS OF 2001 GRADUATES WITH HONORS

## Allied World Assurance Company Ltd: a prime example of success with teamwork, integrity and high quality service

**In the ever-changing landscape that is the global risk industry, flexibility has allowed AWAC to remain ahead of the competition.**

2001 saw the formation of several new class 4 insurance/reinsurance companies in Bermuda, including Endurance, Axis and Allied World Assurance Company Ltd (AWAC), which have since gone on to show astounding growth, registering combined premiums of \$9.5 billion by 2004. A leader among these successful companies, AWAC today writes all lines of property and casualty insurance and reinsurance and is rated A+ (Superior) by A.M. Best. Managing in four short years to become one of the biggest names in Bermuda's internationally renowned industry, AWAC boasts a highly successful business model and some of the most experienced underwriters in the business. Last year, in what was only its third full year of operation, AWAC generated a net income of \$197 million and gross premiums of \$1.7 billion.

Formed in November 2001 in response to the global shortfall in insurance and reinsurance capacity after the events of September 11th in the U.S., AWAC has become one of the brightest stars of the so-called 'Class of 2001'. A consortium of investors, including the American International Group, the Chubb Corporation and GS Capital 2000, an investment fund managed by Goldman, Sachs & Co. provided an initial capitalization of \$1.5 billion. From a start-up staff of just three employees in 2001, AWAC has grown to include offices in Boston, London and Dublin and employs 81 staff members in its Bermuda headquarters.

Scott Carmilani has been with AWAC since its inception, and became President and CEO of the company in January 2004.

Commenting on AWAC's astounding success, he says, "I was very proud when the company exceeded one billion dollars in revenue. I was also very proud when we got to the \$5 billion mark in terms of assets and investments. Our next goal is \$2 billion in revenue and \$1 billion in profits, which may take longer than reaching the first goal, but we are patient and continue to build the value of the company."

For Mr. Carmilani, success is based on teamwork and quality of service, both of which he intends to continue fostering in AWAC. He says that the insurance industry has not been known historically as a great service provider, and being in an excess market with limited infrastructure, early on AWAC excelled in the quality of the services it provides and in its response time. AWAC's focus on insurance activities, as opposed to its reinsurance segment, has provided the company with an advantage in the last few years as the market has softened. Primarily an insurance

company with a reinsurance bond, the inverse of many of its competitors, AWAC has been closer to its client base from the beginning, according to Mr. Carmilani. This, combined with the company's commitment to integrity and its fast response rate, has strengthened its client relations.

He explains, "We wanted to be sure our clients knew where we stood. Whether it was positive or negative, we decided that we would react quickly and with integrity, be honest, very clear and concise. This has paid off in terms of our relationships, and by having a strong team and a strong service, we have had a leg up on most of our competitors who concentrated on other things."

Looking forward, AWAC will continue to expand its international footing, especially in the European markets, and intends to diversify its product line, something that

is becoming increasingly more important in today's soft market. In 2004, the company received regulatory approval from the U.K. Financial Services Authority for its London branch and AWAC's reinsurance unit began underwriting Accident & Health businesses. AWAC's flexible approach will help it face the challenges inherent in the ever-changing landscape that is the global risk industry. "In this business you have to be part scientist, part economist, part financier and part mathematician, but you also

have to have a good background of the history of it and good relationships with the clients," comments Mr. Carmilani. "That is where the rubber meets the road and it becomes an art. The trick is that it is much more artistic than a bank – there is much more art to it than science because it is so unpredictable."

**AWAC has maintained close relationships with its client base since the beginning, and continues to expand its international foothold.**



SCOTT CARMILANI  
President and CEO  
Allied World Assurance Company Ltd

INTERVIEW WITH SCOTT CARMILANI

### "Bermuda has always responded very quickly to world challenges"

SCOTT CARMILANI was elected President and CEO of Allied World Assurance Company in January 2004, becoming the youngest top executive in Bermuda's high stakes insurance and reinsurance sector. At just 39, Mr. Carmilani is considered one of the sharpest minds among Bermuda's 'Class of 2001' insurance leaders. Here he speaks on doing business in Bermuda and the growth of the global market.

**What are Bermuda's competitive advantages over other offshore destinations?**

Bermuda is an easy flight from Eastern seaboard states and an easy flight to the U.K. It is an attractive spot offshore, but still north of the equator. Another attraction is its regulatory environment, which upholds a high international standard while being careful not to overregulate. Bermuda is also a one-stop shop for the insurance sector. Clients, mainly Fortune 1000 companies, can come here and do all of their shopping in a six-block radius. They can put together most of the capacity they need, which they can't easily get in the U.S. or European markets, in a very short time frame.

**How has the Bermuda insurance industry been able to grow so quickly and so successfully?**

Bermuda has always responded very quickly to world challenges, from the crisis of 1993 after the Florida hurricanes to more recently with 9/11 and terrorism events. You can quickly start up a business here, find capacity, and provide the policies and services to the clients that need them.

**Europe is increasingly important for AWAC's strategy for future growth. How has Europe's Risk Environment evolved?**

France and Germany have relied solely

on their own markets for many years. In the end, not having diversification or a well-rounded capacity has hurt them. I think now they want to have some portion of their business protection outside that market. They will drive the bigger opportunities for Western Europe. Eastern Europe has changed drastically over the last six or seven years and will have a lot of potential as it matures. Asia is a huge market and it takes years to establish relationships there. However, it won't be hard for us to develop relationships on the reinsurance side for those companies that are there in an additional capacity. That is where our opportunity lies.

### The industry at a glance

● **Bermuda** has long been recognized as the domicile of choice for the world's captive insurance industry with approximately 29% of captive insurers worldwide.

● **Statistics** published by the government in January 2005 revealed that more than 300 new firms were incorporated in the jurisdiction during the third quarter of 2004, taking the total number on the register to 16,328.

● **Insurance sector** professionals prefer to do business in Bermuda, as do their customers, for its ease of access, minimal red tape, infrastructure, excellent communications, clean unencumbered capital and blue-chip financial security.

● **The number of jobs** in the international sector rose from 3,351 in 2001 to 3,781 in 2004. If you include the number of people who are indirectly employed (providing supporting services) the number jumps to approximately 13,000.

● **As of December 21, 2004**, the capital base of Bermuda's insurance industry was \$65 billion. Gross premiums written totaled \$49 billion, new premiums written \$41 billion and total assets were \$165 billion.

● **The Bermuda Stock Exchange** was opened in 1971. There are nearly 400 listings, with market capitalization exceeding \$145 billion in 2000, although it dropped back to \$70 billion in 2001 before

recovering in 2003 and 2004 to \$120 billion. There are currently a number of sophisticated international e-broking services developing around the Exchange.

● **The international business sector** is highly involved in the community, donating millions of dollars annually to local causes including charities and a wide variety of events.

● **Allied World Assurance Company Ltd** is representative of the island's performance as the world capital for reinsurance. Gross premiums written in 2004 by the company in Bermuda totaled more than \$1,105 million, compared to \$325 million in the United States and \$277 million in Europe.

Fundamental strength withstands formidable forces. XL Capital's fundamental strength – our financial security and expertise – is trusted by many of the world's leading companies to help them endure the harshest exposures. Specializing in large risks and financial solutions for business, we are strong partners. **INSURANCE | REINSURANCE | FINANCIAL** Experience our strength. Visit [www.xlcapital.com](http://www.xlcapital.com)

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