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## PRESS RELEASE

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### **SPECIAL PURPOSE INSURERS BOOST BERMUDA'S INCREASED HALF-YEAR INSURANCE REGISTRATIONS FOR 2011**

**31 new insurance registrations recorded since January 2011; compares to 36 for all of 2010**

The Bermuda Monetary Authority ('the Authority' or 'BMA') announced today that 31 insurance companies have been registered in Bermuda to date this year. This represents an increase of nearly 30% for the period ending 31st July 2011 and compares to a total of 36 newly registered insurers for all of 2010.

Jeremy Cox, the Authority's Chief Executive Officer, said the increased pace of registrations for this year, with upward trends in specific classes of insurer, was very encouraging.

"The area where we are seeing the largest single increase is in the Special Purpose Insurers (SPI) class," Mr. Cox said. "We have already seen 12 new SPI's registered this year. This compares to eight SPI registrations for the whole of 2010."

Mr. Cox added that having put in place the framework to accommodate SPI's in 2009, the Authority was pleased to note market interest in these vehicles translating to more registrations.

"For example, it was exciting to see earlier this month the board of the California Earthquake Authority (CEA), that state's quasi-governmental residential earthquake insurer, approve a \$150 million catastrophe bond issue via a Bermuda SPI, Embarcadero Re," he said.

Mr. Cox continued: "The choice of a Bermudian reinsurer for this latest CEA cat bond issue was a departure from previous normal practice for them, and a positive indication that markets seeking quality supervision remain confident in Bermuda. Our work continues on ensuring the framework enhancements we are putting in place build upon the effectiveness of Bermuda's regulations and also remain consistent with international standards. The most recent positive endorsement of the BMA's commitment to effective, quality risk-based supervision is the third-country equivalence assessment report released by the European Insurance and Occupational Pensions Authority (EIOPA) on 17<sup>th</sup> August 2011. In this report, EIOPA indicates that Bermuda's regime for commercial insurers meets the criteria for Solvency II equivalence, with certain caveats. This is a great step in the right direction for Bermuda."

Shelby Weldon, the BMA's Director of Insurance, Licensing & Authorisation, explained that most of the new SPI's – insurance entities that conduct special purpose business for a specific period of time – were



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being formed in relation to the record-setting level of global catastrophes experienced during the first half of 2011.

Mr. Weldon added that insurance registrations to date are also reflecting new business in both the captive and commercial insurance sectors of the Bermuda market.

“Compared to 2010, Bermuda has also seen a rise in the level of Class 3 and Class 3A insurers being registered here,” he said. “Five of each have already been registered up to July 2011. This compares to the four Class 3’s and two Class 3A’s that were newly registered in total last year.”

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