

Regulatory Update October 2008

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Preface

This bulletin reports on recent activities at the Bermuda Monetary Authority ("the Authority") and recent developments affecting the financial sector, as well as the community generally.

Attached to it are the regular statistical data covering Bermuda dollar money supply, Bermuda banks' balance sheet analysis and other financial and company sector information, updated for the quarter ended 30 June, 2008.

Regulatory and Legislative Developments

1. BANKING

Pillar 3 Consultation Period Complete, Comments Under Review

The Authority is currently reviewing comments received during consultation with industry on its proposed approach to the implementation of Pillar 3 of the Basel II Capital Accord. These latest proposals build on and complement the Authority's implementation of Pillars 1 and 2, as set out in its new capital rule book "Revised Framework for Regulatory Capital Assessment".

The Pillar 3 proposals, which deal with market discipline and transparency, are intended to strengthen market discipline by providing a common and consistent framework for assessing and comparing the underlying risks to which banks are exposed.

Pillar 3 proposals will be applicable to all Bermuda licensed banks and deposit companies as well as those investment businesses that have agreed with the Authority that they should fall within the scope of the new capital framework.

The objectives of the disclosure and transparency principles under Pillar 3 are as follows:

- To promote greater transparency and market discipline of an institution's risk management policies and procedures
- To encourage institutions to put in place a formal disclosure policy approved by their board of directors, which outlines their approach to market discipline and includes a methodology for reviewing the effectiveness of the policy
- To promote the publication of material information as soon as practicable
- To promote the public disclosure of risk and capital information in an easily identifiable location (such as a website), and in a consistent manner, in accordance with how senior management and the board of directors assess and manage risk

Successful Butterfield Group Supervisory College

The Authority hosted its first Supervisory College for the banking sector on September 17, which focused on the Butterfield Group. The theme for the college

was: Governance, Compliance and Risk Management in the Bank of N.T. Butterfield Group, for which the Authority is lead regulator.

Supervisory Colleges bring together supervisors who are regulating globally active financial institutions that conduct cross-border transactions on a group basis. They provide an opportunity for an entity's family of supervisors to discuss issues and supervisory matters relevant to the group. This results in reduced regulatory inconsistency, improved dialogue between regulators and enhanced cooperation amongst supervisors.

The Butterfield Supervisory College provided an opportunity for the Authority and other participating regulators to discuss the bank's strategy for implementing Pillar 2 of the Basel II Capital Accord. The College was a significant step towards developing a convergent approach to the supervision of the Butterfield Group.

Participants in the College included banking regulators from the six jurisdictions in which the Butterfield Group has major operations: Cayman, United Kingdom, Guernsey, Barbados, Bahamas and Bermuda.

Graeme Dargie, Director, Banking, Trust and Investment of the Authority, chaired the College, while Matthew Elderfield, CEO of the Authority provided introductions and opening remarks. Alan Thompson, CEO, Richard Ferrett, CFO and Graham Brooks, Executive Vice President, International, also made presentations on behalf of the Butterfield Group.

During the College, the Authority presented its latest risk assessment of the Butterfield Group, and the representatives from each jurisdiction made presentations covering a variety of topics including compliance, risk management and governance in the subsidiaries operating in their jurisdiction.

The Authority provided a status report on Basel II implementation covering the policy and consultation framework for Pillars 1-3, as well as the project planning, monitoring and controls framework surrounding the implementation process.

The College was well received by all participants and each regulator welcomed the opportunity to share their views on the Butterfield entity. Participants

expressed the desire to meet in this way at least once every two years.

2. INSURANCE

Insurance (Prudential Standards) (Class 4 Solvency Requirement) Order 2008 Issued for Consultation

The most recent amendments to the Insurance Act 1978 set out the provision for the Authority to issue Orders that facilitate the implementation of its enhanced risk-based capital model, the Bermuda Solvency Capital Requirement (BSCR), and related disclosures. In August the Authority issued for industry comment a draft Order, the Insurance (Prudential Standards) (Class 4 Solvency Requirement) Order 2008. The Order sets out the prudential standards Class 4 companies must comply with when submitting a Capital and Solvency Return. Among the disclosures will be premium and reserve schedules; asset/liability mismatching; Gross/Net Probable Maximum Loss at 99% Tail Value-at-Risk; the impact of prescribed stress and scenarios test; and forward looking data. The Authority anticipates the Order coming into effect on December 31, 2008.

Amendments to Insurance Accounts Regulations Proposed

The Authority has proposed amendments to the Insurance Accounts Regulations 1980 (the Regulations). The amendments set out requirements for accounting statutory financial data for the purposes of the BSCR. The draft amendments involve requiring (re)insurance companies to submit more detailed statutory balance sheets and income statements to the Authority in their Statutory Financial Returns (SFR). They will also be required to submit additional statutory financial statement note disclosures. The revised statutory financial statements will become Forms 1A and 2A within the SFR, and will initially be required from Class 4 companies only.

The draft amendments to the Regulations were sent to industry in August for feedback; the consultation period ended September 15. The Authority anticipates that these amendments will be considered during the fall session of Parliament. If passed, the amendments would come into effect on December 31, 2008.

The Authority is also drafting additional amendments to the Regulations to make provision for statutory financial statements applicable to companies writing special purpose business (Special Purpose Insurers - 'SPI'). The consultation paper presenting the proposed requirements for submission of statutory financial statements for SPIs will be submitted to the market for feedback shortly.

Internal Models Approval Process in Development

The Authority is progressing steadily with its approach for introducing the regulator-approved internal models to be used for determining regulatory capital for (re)insurers. The Authority completed a survey of Class 4 insurers and is currently conducting trial reviews of a small number of companies' models. Later this year a report will be published summarising the findings from the survey and reviews. The Authority will also provide a separate report to each company showing how they compare to the market as a whole.

The model approval process will consider both technical and governance aspects of internal capital models, and will involve both on-site reviews and meetings and analysis of model assumptions and output. The review process will consider all sources of risk, including asset risk, market risk, credit risk, insurance risk (reserving, pricing, aggregation, catastrophic), operational risk etc., and the interactions and correlations between risks. The Authority will assess models against standard industry practice and will make reference to the BSCR metric to gauge appropriate capital levels.

The Authority expects to have its approval process in place for reporting year 2009, at which time it will encourage Class 4 companies to seek approval for the use of their internal models.

Guidance Notes on Class 3 Reclassification Issued

The Authority recently published Guidance Notes on the reclassification application requirements for Class 3 companies, provided for under the Insurance Amendment Act 2008. The Guidance Notes offer direction to Class 3 (re)insurers regarding the application process. They also provide additional information to assist applicable (re)insurers in

determining the appropriate class for reclassification. Relevant Class 3 (re)insurers qualifying for reclassification are required to submit an application to the Authority by December 31 2008. Both the Guidance Notes and the application form are available on the Authority's website (www.bma.bm) in the Document Centre/Policy and Guidance/Insurance section.

3. FUND ADMINISTRATION

Code of Conduct Issued

After consultation with the industry the Authority has issued a Code of Conduct for licensed fund administrators, which covers the duties, requirements and standards to be complied with, and the procedures and sound principles to be observed, by persons conducting fund administration business. The objectives of the Code are to ensure that licensed fund administrators act prudently in the conduct of funds administration business and with due skill, care and diligence in their operations.

4. OTHER DEVELOPMENTS

Proceeds of Crime (Anti-Money Laundering and Anti-Terrorist Financing) Regulations 2008 Tabled in Parliament

A draft of the Proceeds of Crime (Anti-Money Laundering and Anti-Terrorist Financing) Regulations 2008 (the "Regulations"), which the Authority prepared in collaboration with the National Anti-Money Laundering Committee, the Ministry of Finance and the Ministry of Justice, was tabled in Parliament in September. It is anticipated that the Regulations will be passed and issued upon approval by Parliament and the Senate.

Industry Feedback Regarding Anti-Money Laundering and Anti-Terrorist Financing (Supervision and Enforcement) 2008 Bill Under Review

The Authority is reviewing the feedback received from the industry during consultation on the proposed Anti-Money Laundering and Anti-Terrorist Financing

(Supervision and Enforcement) 2008 Bill. The Bill, once enacted, will provide the Authority with supervisory and enforcement powers in relation to financial institutions subject to the new anti-money laundering and combating terrorist financing (AML/CFT) regime.

The Authority continues to consult on draft AML/CFT guidance and continues work on developing a Statement of Principles in relation to its approach to enforcement under the new AML/CFT regime.

Inaugural Stakeholder Views Survey Completed

The Authority collected feedback on its performance on key regulatory functions, and progress toward its business objectives and goals, through its first comprehensive External Stakeholder Views Survey, launched on August 26. Approximately 300 industry and government stakeholders were asked to provide their responses to the survey by September 26; results are due to be published by the end of the year. The findings of the survey will help the Authority refine and focus its efforts towards becoming a leading risk-based financial regulator. The Authority appreciates the time respondents took to share their views.

International Outlook

BMA Contributes to IAIS Working Group Developments in Japan and Basel

The Authority recently participated in meetings of the IAIS Reinsurance Sub-committee and the Reinsurance Transparency Group held in Tokyo, Japan from September 2 – 6, hosted by Japan's Financial Services Authority. As a member of both committees, the Authority took the opportunity to provide input to the IAIS agenda on taking practical steps toward forming a mutual recognition framework, and to give advice in deliberations on the supervision of financial guarantors.

The Reinsurance Sub-committee approved a Guidance Paper on Mutual Recognition of Reinsurance Supervision. The paper will be tabled at the next IAIS Technical Committee meeting to be held at the IAIS Annual Conference in October in Budapest, Hungary.

The Reinsurance Transparency Group (RTG), which is chaired by Jeremy Cox, Deputy CEO of the Authority, held discussions on the progress of the 2008 Edition of the Global Reinsurance Market Report – a survey which looks at the workings and performance of reinsurance markets worldwide. The report, which is the primary output of the RTG, involves a specific group of jurisdictions including France, Germany, Switzerland, Japan, the United Kingdom, the United States and Bermuda. The Authority is responsible for coordinating and preparing Bermuda's submission, an annual project led by Marcelo Ramella, Assistant Director, Research at the Authority. The RTG also discussed their input to the IAIS' response to the Financial Stability Forum's April 2008 report, Enhancing Market and Institutional Resilience, which focuses on the supervision of financial guarantors.

The IAIS Insurance Core Principles Review Task Force also convened in Basel recently on September 18 -19. The Authority participated in this meeting to discuss proposed revisions to the IAIS Insurance Core Principles (ICP), the international standards for insurance supervision. There are four working groups reviewing the Core Principles. The Authority participates in Group 3, which is reviewing Insurance Core Principles 11-17. These Principles deal specifically

with ICP market analysis; reporting to supervisors and off-site monitoring; on-site inspection; preventive and corrective measures; enforcement or sanctions; winding up and exit from the market and group-wide supervision.

Bermuda Qualifies Three as CFATF Mutual Evaluation Examiners

A representative from the Authority and two additional members of the public sector in Bermuda have recently achieved examiner status within the Caribbean Financial Action Task Force's (CFATF) Mutual Evaluation Programme.

The Programme is the agreed method by which the CFATF monitors member states' implementation of, and compliance with, the 40 Financial Action Task Force (FATF) recommendations on anti-money laundering (AML), and 9 special recommendations on counter financing of terrorism (CFT); these recommendations remain the global standards for AML/CFT regulation. The Programme involves peer assessments of member country's AML/CFT regimes, and seeks to give recognition where standards are met, while highlighting required improvements where necessary.

The evaluation process involves a mission to each member country by a team of examiners, one of each in the fields of law, finance and law enforcement, which is lead by the Director or Deputy Director of the Secretariat of the CFATF. Recently, Courtney Christie-Vietch, Assistant Director, Banking, Trust and Investment at the Authority, earned examiner status, as a Financial Sector Specialist. The two other new examiners from Bermuda are Cindy Clarke, Crown Counsel Specialist from the Department of Public Prosecutions and Calon Hollis of the Bermuda Police Service.

Market Analysis and Statistics

1. BERMUDA MONEY SUPPLY

Driven by an increase in BD\$ deposit liabilities, overall money supply in Bermuda increased by 2% during the quarter and by 5% year on year.

Bermuda Money Supply

(BD\$ millions)	2008-Q2	2008-Q1	2007-Q4	2007-Q3	2007-Q2	2007-Q1
Notes & Coins in Circulation*	118	114	125	110	111	107
Deposit Liabilities	3,783	3,709	3,634	3,666	3,597	3,411
Banks and Deposit Companies (Unconsolidated)	3,901	3,823	3,759	3,776	3,709	3,518
Less: Cash at Banks and Deposit Companies	35	33	45	29	31	29
BD\$ Money Supply	3,866	3,790	3,714	3,747	3,677	3,489
% Growth on Previous Period	2.02%	2.04%	-0.88%	1.88%	5.41%	-2.43%
Growth Year on Year	5.13%	8.63%	3.87%	5.35%	3.38%	-0.12%

Totals may not add due to rounding.

* This table includes the supply of Bermuda dollars only. United States currency is also in circulation in Bermuda but the amount has not been quantified.

2. DOMESTIC AND FOREIGN CURRENCY POSITION

BD\$ Deposit and Loan Profile – Combined Banks and Deposit Companies (Unconsolidated)

(BD\$ millions)	2008-Q2	2008-Q1	2007-Q4	2007-Q3	2007-Q2	2007-Q1
Deposit Liabilities	3,783	3,709	3,634	3,666	3,597	3,411
Less:						
Loans, Advances and Mortgages	(4,516)	(4,401)	(4,359)	(4,206)	(4,093)	(3,905)
Surplus Deposits	(734)	(692)	(725)	(540)	(495)	(494)
Percentage of Deposit Liabilities Lent	119.4%	118.7%	120.0%	114.7%	113.8%	114.5%

BD\$ loans demand continues to exceed BD\$ deposits, with the deficit increasing marginally during the quarter. The balance of BD\$ loan demand continues to be primarily funded by US\$ deposits.

Foreign Currency Position - Combined Banks and Deposit Companies (Consolidated)

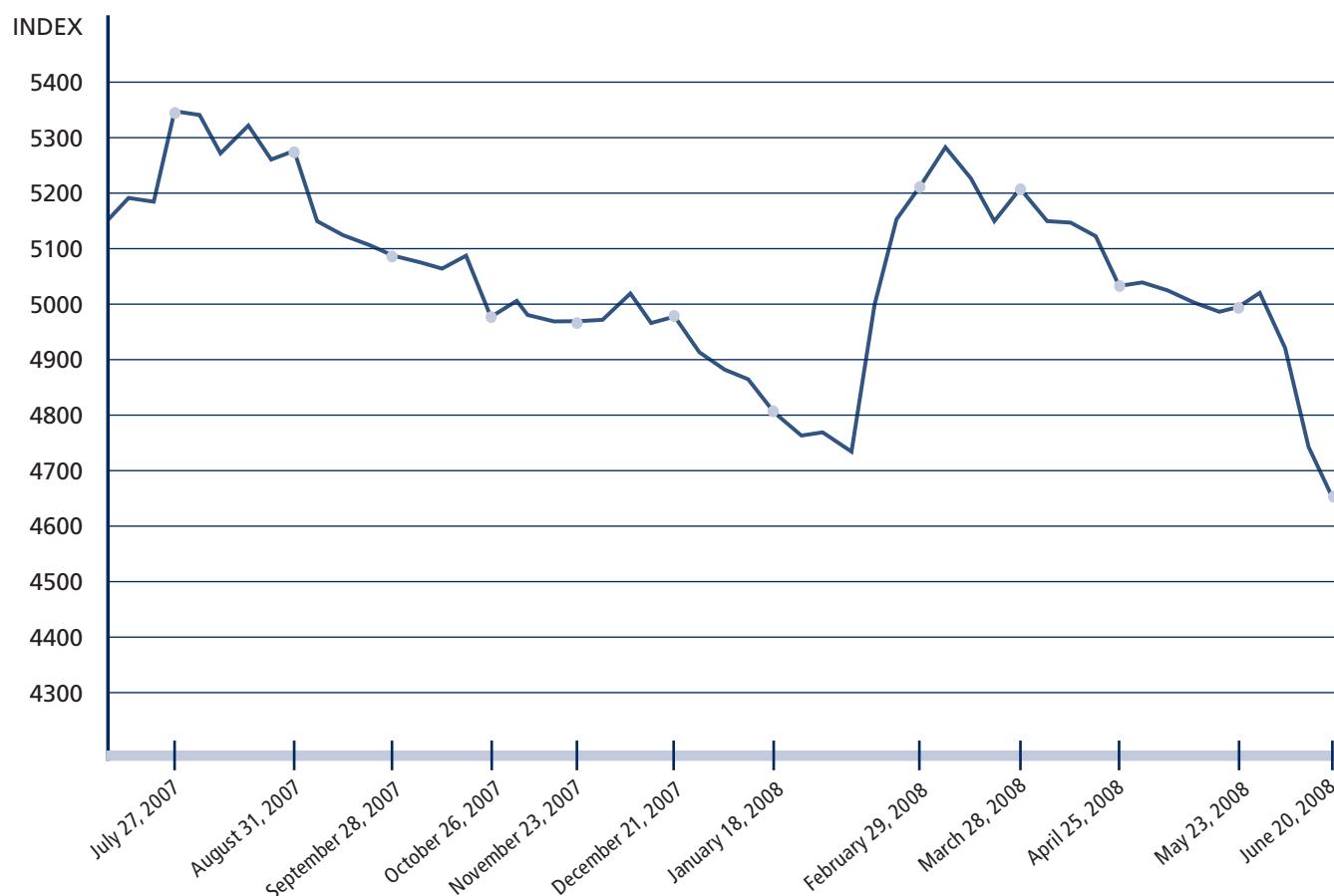
(BD\$ millions)	2008-Q2	2008-Q1	2007-Q4	2007-Q3	2007-Q2	2007-Q1
Total Foreign Currency Assets	19,384	20,144	19,412	18,965	20,239	18,661
Less: Other Assets	554	609	624	561	653	549
Less: Foreign Currency Loans to Residents	1,150	1,113	1,058	975	945	947
Net Foreign Currency Assets	17,681	18,423	17,730	17,428	18,641	17,165
Foreign Currency Liabilities	17,552	18,318	17,555	16,925	18,098	16,724
Add: BD\$ Deposits of Non-Residents	200	211	216	211	205	150
Net Foreign Currency Liabilities	17,752	18,530	17,771	17,136	18,304	16,874
Net Foreign Currency Position (Consolidated)	(71)	(107)	(41)	292	338	291

The net foreign currency position of the banking and deposit taking sector remained in deficit during the quarter, with net foreign currency liabilities exceeding net foreign currency assets by BD\$ 71 million. The deficit narrowed during the quarter from \$107 million as at the end of Q1 2008 as a result of a more rapid decrease in non-BD\$ deposits of 4.3% as compared to a decrease in foreign currency assets at 3.8%. The decrease in non-BD\$ deposits is driven mainly by decreases in demand deposits of 8.5% and a decrease in savings deposits of 4.1%.

3. BERMUDA STOCK EXCHANGE (BSX)

The domestic equity market experienced downward pressure during the second quarter of 2008, similar to that seen in global equity markets. Overall the Royal Gazette/BSX Index fell by approximately 9.6% during the second quarter, with total market capitalisation decreasing from BD\$ 391 million as at March 31, 2008 to BD\$ 324 million as at June 30, 2008.

Underscoring its commitment to the further development of the domestic capital market, the BSX achieved admission to two key industry associations during the course of the first half of 2008: the Americas' Central Securities Depositories Association and the European Securitisation Forum.



Source: Bermuda Stock Exchange

4. BANKING

Overall the Bermuda banking system remains highly capitalised and has strong liquidity. The key highlights are:

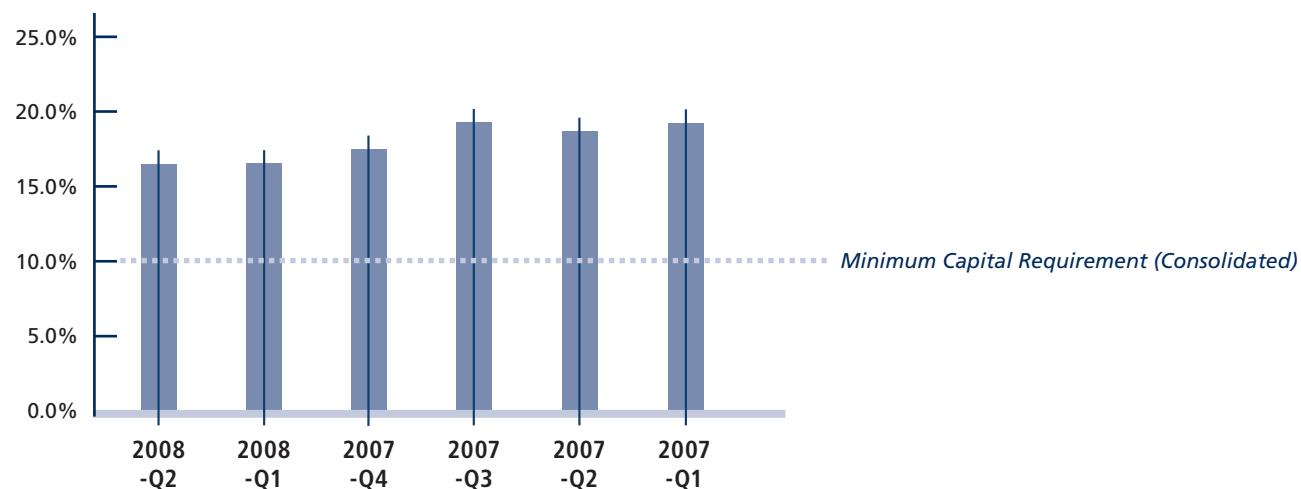
- Total deposits decreased by \$695 million to \$21.0 billion. This was a decrease of 3.2% during the quarter.
- The banking sector aggregate risk asset ratio increased marginally from 16.8% to 16.9%.
- Loans and advances rose marginally to 31% of total assets in Q2 2008 from 30% in Q1 2008.
- Banking institutions decreased cash and deposits by \$735.7 million in the quarter, a decrease of 9.8%.

Banking Sector Assets and Deposits

	2008-Q2	2008-Q1	2007-Q4	2007-Q3	2007-Q2	2007-Q1
Total Assets (\$millions)	24,355	24,995	24,168	23,576	24,719	23,036
Quarterly Change(%)	-2.6	3.4	2.5	-4.6	7.3	-0.3
Total Deposits (\$millions)	20,972	21,667	20,807	20,332	21,391	19,909
Quarterly Change(%)	-3.2	4.1	2.3	-5	7.4	0

Regulatory Capital to Risk Weighted Assets

Regulatory Capital to Risk Weighted Assets increased marginally during Q2 2008 from 16.8% to 16.9%, primarily the result of a faster increase in regulatory capital as compared to increases in risk weighted assets. The sector remained well above the statutory minimum requirement of 10%.



The following table provides further information on the composition of assets and liabilities.

Combined Balance Sheet of Bermuda Banks and Deposit Companies (Consolidated)

(BD\$ millions)	2008-Q2			2008-Q1			2007-Q4		
	Total	BD\$	Other	Total	BD\$	Other	Total	BD\$	Other
Assets									
Cash	75	36	40	70	35	35	80	45	35
Deposits	6,706	47	6,658	7,446	36	7,410	7,188	19	7,170
Investments	8,860	26	8,834	8,916	14	8,903	8,387	13	8,374
Loans & Advances	7,599	4,417	3,182	7,377	4,301	3,076	7,351	4,246	3,105
Premises & Equipment	474	358	117	466	355	111	449	345	105
Other Assets	641	87	554	719	110	609	713	89	624
Total Assets	24,355	4,970	19,384	24,995	4,851	20,144	24,168	4,756	19,412
Liabilities									
Demand Deposits	8,868	868	8,000	9,571	829	8,742	8,735	808	7,927
Savings	3,354	1,285	2,069	3,386	1,229	2,156	3,423	1,182	2,241
Time Deposits	8,749	1,653	7,096	8,710	1,664	7,046	8,650	1,649	7,000
Sub Total - Deposits	20,972	3,806	17,165	21,667	3,723	17,944	20,807	3,639	17,169
Other Liabilities	667	281	386	631	257	374	641	255	387
Sub Total - Liabilities	21,639	4,087	17,552	22,298	3,980	18,318	21,449	3,893	17,555
Equity	2,715	1,634	1,081	2,696	1,664	1,032	2,720	1,433	1,287
Total Liabilities and Capital	24,354	5,721	18,633	24,995	5,644	19,351	24,168	5,326	18,842

(BD\$ millions)	2007-Q3			2007-Q2			2007-Q1		
	Total	BD\$	Other	Total	BD\$	Other	Total	BD\$	Other
Assets									
Cash	67	33	34	65	34	31	54	33	22
Deposits	6,359	26	6,333	7,798	23	7,775	7,195	23	7,172
Investments	8,960	15	8,945	8,693	16	8,677	7,766	16	7,750
Loans & Advances	7,119	4,117	3,002	7,020	3,998	3,022	6,958	3,862	3,096
Premises & Equipment	429	339	90	414	333	81	401	328	73
Other Assets	643	81	561	729	76	653	661	112	549
Total Assets	23,576	4,611	18,965	24,719	4,480	20,239	23,036	4,375	18,661
Liabilities									
Demand Deposits	8,886	841	8,045	9,883	805	9,078	9,213	668	8,545
Savings	2,963	1,199	1,764	3,357	1,205	2,152	2,988	1,210	1,778
Time Deposits	8,483	1,630	6,853	8,151	1,584	6,567	7,708	1,473	6,235
Sub Total - Deposits	20,332	3,670	16,662	21,391	3,594	17,798	19,909	3,352	16,558
Other Liabilities	558	296	262	706	405	300	557	391	166
Sub Total - Liabilities	20,890	3,966	16,925	22,097	3,999	18,098	20,466	3,742	16,724
Equity	2,686	1,564	1,121	2,622	1,565	1,057	2,570	1,680	889
Total Liabilities and Capital	23,576	5,530	18,046	24,719	5,564	19,155	23,036	5,423	17,613

Totals may not add due to rounding.

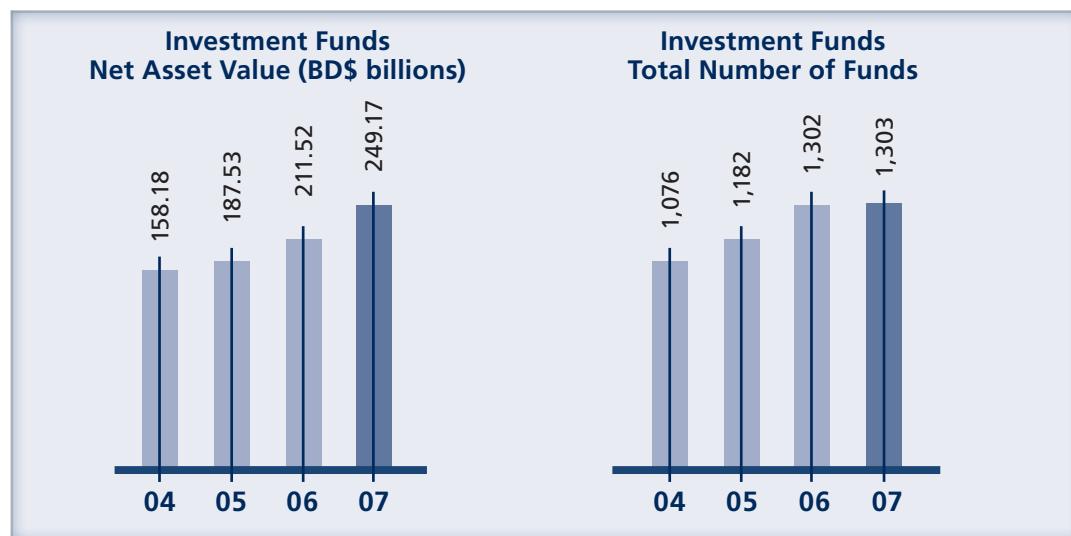
5. INVESTMENT FUNDS

Investment Fund Statistics

There was a decrease of 39 funds in Q2 and a reduction of \$14.55 billion in total net asset value, reflecting adverse conditions in global financial markets.

	2008-Q2	2008-Q1	2007-Q4	2007-Q3	2007-Q2	2007-Q1
Mutual Funds	886	883	881	879	887	887
Umbrella Funds	82	80	77	71	68	68
Sub-Funds	240	244	253	261	269	270
Segregated Account Companies	82	78	77	78	77	75
Segregated Accounts	383	388	391	396	397	399
Total	1,673	1,673	1,679	1,685	1,698	1,699
Unit Trusts	93	106	106	106	106	108
Umbrella Trusts	143	168	162	153	138	134
Sub-Trusts	213	214	215	215	215	215
Total	449	488	483	474	459	457
Total Portfolios	2,122	2,161	2,162	2,159	2,157	2,156
Total Number of Funds	1,286	1,315	1,303	1,287	1,276	1,272
Total Net Asset Value (In billions)	\$235.33	\$249.88	\$249.17	\$230.54	\$223.14	\$212.80

Note: Data reported for the periods after Q4 2005 include funds that have been granted exemption under section 7 of the Investment Funds Act 2006.



6. INSURANCE

Nine new insurance and reinsurance companies were established in the Bermuda market during the second quarter of 2008. This is a decline from the same period in 2007, and reflects the soft market conditions and economic challenges which currently exist worldwide. Class 3 insurers continue to lead the field with 7 new registrations, most of which are writing standard property and casualty lines of business.

Insurance Company Incorporation Statistics

	2008-Q2	2008-Q1	2007-Q4	2007-Q3	2007-Q2	2007-Q1
Class 1 Single-parent captive insuring only risks of its owners or affiliates of the owners	0	1	3	1	2	3
Class 2 (a) a multi-owner captive insuring risks of its owners or affiliates of the owners;	0	2	0	1	1	0
(b) a single-parent and multi-owner captive: (i) Insuring the risks related to or arising out of the business or operations of the owners and affiliated, and /or (ii) deriving up to 20 percent of its net premiums from unrelated risks						
Class 3 Insurers not included in Class 1, 2 or 4, such as (i) Reinsurers writing third party business; (ii) Insurers writing direct policies with third party individuals (iii) Single parent, group, association, or joint venture captives where more than 20% of their net premiums written arises from risks which are unrelated to the business of the owners; (iv) Finite reinsurers and rent-a-captives	7	6	14	11	14	6
Class 4 Insurers and reinsurers capitalised at a minimum of \$100 million underwriting direct excess liability and/or property catastrophe reinsurance risk	1	0	1	0	1	0
Long-Term Insurers Insurers writing long-term (or life) business	1	1	2	2	2	4
Dual-Class Insurers writing combination of long-term (or life) business and Class 1, 2, 3 or 4 business	0	0	1	0	2	0
Total Additions	9	10	21	15	22	13

Annual Market Survey on Captives 2008

The Authority partnered with the Bermuda Insurance Managers Association on conducting the Annual Market Survey on Captives, designed to collect from insurance managers key market data on the Island's captive insurers. This data included information on the geographical location of underwriting income, gross written premiums by line of business and more detailed statistics on invested assets. The survey was conducted in the first two quarters of 2008, and the initial results were presented to the Bermuda Captive Conference in June. Some of the broad findings¹ are highlighted below.

Bermuda captives wrote an estimated \$21.9 billion in 2007, a marginal change from the \$21.5 billion total in 2006 (see chart 1). For the third straight year, Class 2 captives wrote more business than any other captive class at \$9 billion. Class 3 captives wrote 37% and Class 1 captives accounted for about one-fifth or 22% of gross written premiums. The majority of risk insured by Bermuda captives continued to originate from North America (57%), while Europe (14%) and the Caribbean and South America (6%) represented growing regional sources of business. Premium figures also revealed that rates of retention – the percentage of risk assumed that remains with the captive – remained steady at 77% in 2007, varying little over the last five years. The percentage of premiums sold to other insurers as reinsurance coverage stood at 35% or \$7.7 billion of total gross written premiums.

In 2007, Bermuda captives wrote a small majority (54%) of their business in casualty business, while property coverage accounted for 44% and financial and other areas 2% of all business written (see chart 2). Class 3 captives, which are not limited to providing property coverage for only their parent or parent group, represented a general exception with 57% of their business written being in property.

The aggregated asset compositions of Bermuda captives showed strong balance sheet positions. Cash and cash equivalents together with quoted investments made up 67% of the assets of all captives. Investment in affiliates stood at 18% of assets and premium receivables at 5%.

The full presentation may be accessed through the Authority's website: www.bma.bm

¹ In order to collect the most current data possible, 2007 figures were gathered on an unaudited and management account basis. This data is presented as provisional.

Bermuda Captives

Chart 1: Gross Written Premiums

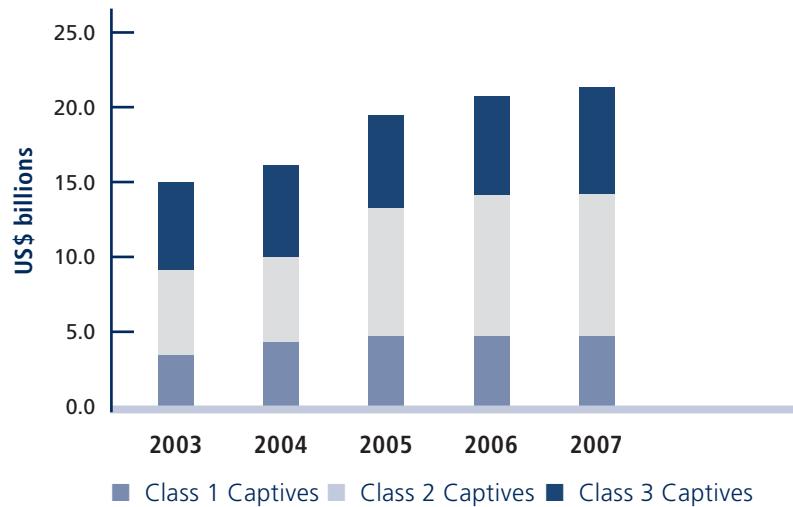
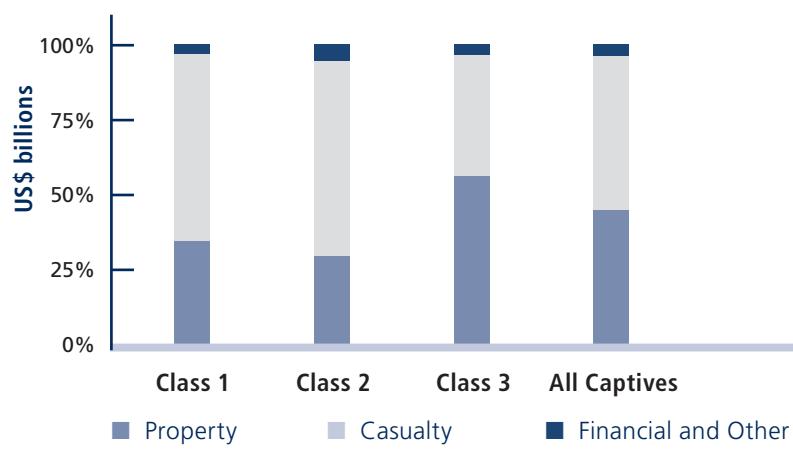


Chart 2: Business Written (2007)



7. COMPANY AUTHORISATIONS

Companies, Partnerships and Permits Statistics - Applications Approved

	2008-Q2	2008-Q1	2007-Q4	2007-Q3	2007-Q2	2007-Q1
Exempted Companies (Bermuda companies exempted from the 60% Bermudian ownership requirement)	264	243	310	305	330	236
Exempted Partnerships (partnerships established in Bermuda to carry on business in or from within Bermuda)	24	21	106	39	32	39
Overseas Partnerships (overseas partnerships applying for permits to carry on business in or from within Bermuda)	1	5	2	1	0	2
Overseas Permit Companies (overseas companies applying for permits to carry on business in or from within Bermuda)	10	6	11	7	6	7
Unit Trusts	1	8	8	18	6	24
Continuation Companies (companies from other jurisdictions continuing into Bermuda as exempted companies)	4	11	15	7	5	8
Unlimited Liability Companies	2	1	11	1	6	0
Local Companies	60	52	52	40	62	64
Total Applications Approved *	366	347	515	418	447	380

* Quarterly numbers are amended to reflect more up-to-date consent information.

BERMUDA MONETARY AUTHORITY

BMA House ■ 43 Victoria Street ■ Hamilton HM 12 Bermuda
P.O. Box 2447 ■ Hamilton HM JX Bermuda
tel: (441) 295 5278 ■ fax: (441) 292 7471
email: enquiries@bma.bm ■ website: www.bma.bm

