

BILTIR Fast Facts

History of BILTIR

BILTIR was formally incorporated on June 9, 2011 and since then, has worked collaboratively across its membership to become a consistent and coherent voice for any concerns of the long-term (re)insurance sector and is committed to supporting the industry's growth and success in Bermuda and globally. Today, BILTIR represents 70+ companies in total. Based on its innovation, entrepreneurialism, and leadership, Bermuda – aided by BILTIR's membership – has become the risk capital of the world.

Membership Strength

- **Emphasis on policyholder protection:** Reporting BILTIR members made total benefit payments of \$137 billion in the last five years and ~70% of licensed members underwrite products with guarantees.
- **Asset safety through diversification:** Among reporting BILTIR members, assets held exceed liabilities by \$231 billion. These assets – whether used to reinsure blocks of existing business, enable more direct writing, or finance growth – reflect a high level of diversification.
- **Stable investment capital fuels industry ingenuity via strong returns:**
 - 92% of BILTIR's members' rated assets under management are investment-grade and 95% of their bonds, debentures, and structured assets are investment-grade.
 - 77% of assets have additional protection in the form of secured trusts, fund withheld, or MODCO.
- **Ability to pay claims:** ~70% of licensed BILTIR members and 90% of counterparts have a credit rating of an A- or above.
- **Focus on ESG:** ~80% of licensed BILTIR members have a board-approved ESG policy in place or plan to introduce one in the next 12 months.
- **Looking ahead:** BILTIR is supporting the next generation of retirement by fostering the expedient growth of annuity sales and polarity in the product as a financial retirement tool. From 2022 to 2023, total U.S. annuity sales grew to U.S. \$385 billion, a 23% increase.

Bermuda as a Best Practice Model

- The Bermuda Monetary Authority (BMA), the regulatory body in Bermuda, operates with a level of transparency and adaptability that is unlike any other regulator, finding the balance between providing a strong governing framework and allowing for innovation and growth in the industry.
- Beginning in 2013, the BMA introduced comprehensive regulations for the long-term sector that resulted in Bermuda being awarded equivalence under the European Solvency II regulatory regime. This also established Bermuda as both a Qualified Jurisdiction and a Reciprocal Jurisdiction under the U.S. National Association of Insurance Commissioners (NAIC) regulatory regime.
- Equity is attracted to Bermuda's long-term sector as the jurisdiction allows for global diversification of risk and provides sound regulation, a stable legal environment, and skilled workers.

- This financial capital contributes directly to the development of the next generation of long-term insurance products. Well-managed equity – including appropriate selection, diversification, and management of asset classes – is a critical risk-management tool.

Life & Annuities Sector Statistics

If helpful for referencing the global and regional health of the life and annuities industry:

Global

- In 2022 life insurers managed total assets of about \$35 trillion, around 8% of global financial assets, up from \$14 trillion two decades ago (Source: [BIS 2024 Report: Shifting landscapes: life insurance and financial stability](#))
- Growth in the market will lead to \$1.7 trillion in additional savings premiums over the next decade, marking a 65% increase in new business premiums compared with those generated over the past 20 years. (Source: [Swiss Re 2023 Insurance in Private Markets Report](#))
- 30% of respondents say the ability to develop innovative products, services, and technologies is the most important potential benefit of establishing trust with customers. This is especially true among decision-makers in the Asia Pacific region, where 35% agree, but less so in Europe, where only 25% agree. (Source: [KPMG 2023 Future of Insurance: Life and Annuities Report](#))

Bermuda

- Approximately 70% of the long-term reinsurance business in Bermuda is conducted on a collateralised basis through structures such as Funds Withheld or Modified Coinsurance, where the cedent retains the assets with respect to all the policies reinsured. (Source: [BMA 2024 Report: Collateral Structures in the Bermuda Long-term Insurance Market](#))
- As at year-end 2022, Bermuda firms held total assets of US\$1,089.5 billion at year-end 2022 against total liabilities of US\$974.3 billion. (Source: [BMA 2022 Bermuda Long-term Insurance Market Analysis and Stress Testing](#))
- Long-term insurers in Bermuda hold a diversified asset mix, with over 60% of their total investments in cash and quoted bonds. The BMA's liquidity management guidelines highlight the importance of liquid, highly-rated assets as essential for sound liquidity management. (Source: [BMA 2023 Report: Liquidity Risk in the Bermuda Long-term Insurance Market](#))
- Bermuda's long-term insurers hold sufficient liquid assets to handle a sudden 100% lapse shock (i.e. if all policies that can be lapsed are lapsed). Their liquid assets averaging 7% greater than the surrender values. (Source: [BMA 2023 Report: Liquidity Risk in the Bermuda Long-term Insurance Market](#))

North America

- In January 2023, 52% of consumers reported owning life insurance (e.g., individual, employer-sponsored, etc.), which is slightly up from 50% in 2022 – but down from 63% in 2011. (Source: [LIMRA 2023 Fact Sheet](#))
- On average, life insurance policies in the U.S. pay out \$168K, but this amount can vary significantly based on the policy. (Source: [Aflac Average Life Insurance Payout Article](#))
- Total U.S. annuity sales were \$215.2 billion in the first half of 2024, a 19% jump from prior year results, according to preliminary results from LIMRA's U.S. Individual Annuity Sales Survey, which represents 92% of the total U.S. annuity market. (Source: [LIMRA H1 2024 Performance Release](#))

Preliminary Second Quarter 2024 Annuity Sales Results:

- Total annuity sales jumped 25% to \$108.5 billion.
- RILA sales outpace traditional VA sales for the third consecutive quarter.
- Fixed-rate deferred annuity sales climbed 32% to \$40

Source: [LIMRA H1 2024 Performance](#)

Europe

- With a significant increase in entrants to the UK, the bulk annuity market is showing strong growth prospects. Bulk annuity transactions were close to GBP50 billion in 2023, the highest ever. Transaction volumes are expected to remain large in 2024 and 2025 as strong demand continues and new entrants increase the life sector's capacity to meet it. (Source: [Fitch Ratings Insurance Mid-Year Outlook 2024](#))
- According to the European Insurance and Occupational Pensions Authority's June 2024 Financial Stability Report, the insurance sector is solidly capitalized. Median SCR ratios for life insurers and composite undertakings have improved throughout the shift from low to higher interest rates, as have profitability levels. Gross written premiums in the non-life sector continued to grow while the life business saw a more moderate increase. (Source: [EIOPA June 2024 Financial Stability Report](#))

Asia

- **China**
 - Based on a set of peer comparisons across Asian markets, at a mature stage, China's life insurance market can be expected to reach an 11-13% penetration rate, expressed via the formula premium/disposable income. (Source: [Oliver Wyman Future of China's Insurance Market Report](#))
 - China's life insurance premium is expected to reach RMB45 trillion by 2050. (Source: [Oliver Wyman Future of China's Insurance Market Report](#))
- **Japan**
 - According to Technavio's Insurance Market Outlook report, the Japan insurance market size is forecast to increase by USD 26 billion, at a CAGR of 1.74% between 2023 and 2028. (Source: [Technavio's Insurance Market Analysis Japan - Size and Forecast 2024-2028](#))
 - With Japan being the third largest life and health market in the world in terms of premium volume, it leads to increasing needs for capital solutions and efficiency

on in-force portfolios. Hironori Takahashi, Chief Executive Officer of RGA Japan expects continued momentum in reinsurance capital solutions with the planned implementation of the economic value-based solvency ratio in 2025. (Source: [RGA Japan - Steady Route for Japan's Reinsurance Market in 2024](#))

- At the end of 2023, Japan's Dai-ichi Life Holdings Inc. attributed the 42.1% year-over-year growth in net income to positive factors such as Dai-ichi Life Reinsurance Bermuda Ltd.'s asset and liability valuation adjustments. This exceeded negative factors, such as goodwill amortization, and was an increase in group-adjusted profit. (Source: [S&P Global Japanese Life Insurance 2023 Forecasts](#))
- Japanese life insurers will continue working to mitigate interest-rate risk in anticipation of a new regulatory framework set to be implemented in Japan from FYE26. The overall statutory solvency margin ratio was a robust 934% at the end of March 2024, only slightly down from 955% a year earlier. (Source: [Fitch Ratings' Japanese Life Insurance Dashboard: FYE24 Results](#))